

By Mr. CURLEY:

H. J. Res. 299. Joint resolution requesting the President to use his good offices with the Prime Minister of Great Britain for the purpose of obtaining immediate and complete independence for the Irish Free State; to the Committee on Foreign Affairs.

By Mr. LEA:

H. Res. 598. Resolution requesting the Secretary of Commerce, through the Administrator of Civil Aeronautics, to make a survey of the need for a system of airports and landing areas throughout the United States; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COX:

H. R. 5033. A bill for the relief of Margery Anderson Bridges; to the Committee on Immigration and Naturalization.

By Mr. HÉBERT:

H. R. 5034. A bill for the relief of the estate of Francis A. Collins; to the Committee on Claims.

By Mr. KNUTSON:

H. R. 5035. A bill for the relief of the estate of John Kraemer and the estate of Michael J. Kraemer; to the Committee on Claims.

Mr. PAGÁN:

H. R. 5036. A bill to provide for the advancement on the retired list of the Army of Pascual Lopez; to the Committee on Military Affairs.

By Mr. SMITH of Wisconsin:

H. R. 5037. A bill for the relief of Fannah A. Fuller; to the Committee on Claims.

PETITIONS, ETC.

5858. By Mr. ANDREWS of New York: Resolution adopted by the Common Council of the City of Buffalo, N. Y., opposing the enactment of Senate bill 1385 introduced by Senator Aiken, of Vermont, for the construction of the St. Lawrence seaway and power project; to the Committee on Rivers and Harbors.

5859. By Mr. AUCHINCLOSS: Petitions of residents of Long Branch, N. J. and Red Bank, N. J., petitioning Congress to adopt the Marcantonio resolution; to the Committee on Foreign Affairs.

5860. By Mr. GILLETTE: Petition of 335 residents of the Fifteenth Congressional District of Pennsylvania in opposition to House bill 2082, prohibiting the manufacture, sale, or distribution of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

5861. By Mr. HOLMES of Washington: Petition of sundry citizens of Yakima, Wash., urging consideration of House bill 2082, prohibiting manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war and until the termination of demobilization; to the Committee on the Judiciary.

5862. By Mr. KENNEDY: Petition of the Chamber of Commerce of the State of New York; to the Committee on Banking and Currency.

SENATE

FRIDAY, JUNE 16, 1944

(Legislative day of Tuesday, May 9, 1944)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O Thou who changest not in a world so rocked and shaken, so filled with lamentation and clamor, a world swept by the whirlwind and riven by the earthquake, we would find the peace of Thy presence and of the still, small voice. In our dire need steal Thou upon our troubled spirits like the vespers calm of lingering twilight, like the gentle dew on parched ground; commission us as the servants of Thy righteous will and fit our spirits for that high role in this time on ages telling. Save us from the tragic mistakes of the past. Make us architects of a statelier temple of humanity where no child of Thine shall be kept back from the common altar of fellowship and where all kindreds are one before Thy searching eyes. As the fires of war are quenched give us the wisdom so to build that never again in blind folly will we choose foundations which are sinking sand and walls of tinder which will prove but rubble for the devouring flame. We pray in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, June 15, 1944, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4183) making appropriations for the fiscal year ending June 30, 1945, for civil functions administered by the War Department, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 2 and 6 to the bill and concurred therein, and that the House insisted upon its disagreement to the amendments of the Senate numbered 1, 3, 5, 7, 8, and 9 to the bill.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 4837. An act to extend for an additional 2 years the suspension in part of the processing tax on coconut oil; and

H. R. 4967. An act making appropriations for the Military Establishment for the fiscal year ending June 30, 1945, and for other purposes.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (H. R. 2711) for the relief of Mrs. Mildred Maag, and it was signed by the Acting President pro tempore.

NATIONAL SERVICE LIFE INSURANCE

The ACTING PRESIDENT pro tempore (Mr. GILLETTE) laid before the Sen-

ate a letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to liberalize certain provisions of the National Service Life Insurance Act of 1940, as amended, which, with the accompanying paper, was referred to the Committee on Finance.

FREE PORTS FOR EUROPEAN WAR REFUGEES

Mr. MALONEY. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a letter and resolution which I have received from Rabbi Abraham J. Feldman, of the Congregation Beth Israel, and Mr. Maurice Hartman, president, Hartford, Conn.

The resolution urges the establishment of "free ports," whereby temporary haven may be provided for European refugees.

There being no objection, the letter and resolution were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

THE CONGREGATION BETH ISRAEL,
Hartford, Conn., June 14, 1944.
The Honorable FRANCIS MALONEY,
The United States Senate,
Washington, D. C.

DEAR SIR: We beg to transmit to you the enclosed resolution, which has been adopted by the Congregation Beth Israel, and we bespeak your earnest support of the matter dealt with therein.

Cordially yours,

RABBI ABRAHAM J. FELDMAN.
MAURICE HARTMAN, President.

America was founded by refugees—by refugees fleeing from religious persecution and racial bigotry. This great Nation, conceived in liberty, has been peculiarly sensitive to the cry of its brothers' blood wherever and whenever they have been enslaved and persecuted. Particularly because of its deep religious heritage and character, believing that men are endowed by their Creator with certain inalienable rights—among these being liberty and the pursuit of happiness, and, above all, life—America has been the traditional haven of those who have been robbed of these precious possessions.

The hour has come when America must once again rise to this, her manifest destiny, when the God who led our early founding fathers to this richly dowered land is calling upon us to "bring forth the prisoner from the prison house and those that dwell in darkness from the dungeon."

We commend the President of the United States for his leadership and vision manifested in championing the cause of the afflicted, not only by words but by forthright deeds. Especially timely has been his recent creation of the War Refugee Board, which has already evidenced its sincere determination to rescue as many as possible of those victims of Naziism otherwise marked out for wholesale slaughter in the plan of "free ports" advocated by the War Refugee Board, whereby temporary haven may be provided for those who would otherwise be murdered to the last man. We agree that America can do no less for these, our allies and fellow foes of Naziism, than we do for our enemies who, as prisoners of war, are provided with at least such temporary sojourn and security. We appeal to the conscience of America to respond immediately to this suggestion of the War Refugee Board, and we call upon our Representatives in Congress, as well as upon all our fellow citizens, to save the lives of thousands, and even hundreds of thousands, otherwise destined for mass extermination, by setting up at once such "free ports," such islands of temporary rescue, upon the free and cherished soil of America.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ELLENDER, from the Committee on Claims:

S. 1933. A bill for the relief of Mrs. Anna Runnebaum; without amendment (Rept. No. 982).

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

H. R. 3870. A bill to amend section 214 of the act of February 28, 1925; without amendment (Rept. No. 983);

H. R. 4033. A bill relating to the use of the penalty mail privilege; without amendment (Rept. No. 984);

H. R. 4517. A bill to remove restrictions on establishing post-office branches and stations; without amendment (Rept. No. 985); and

H. R. 4687. A bill relating to issuance of postal notes; without amendment (Rept. No. 986).

BILLS INTRODUCED

Bills were introduced, read the first time, and by unanimous consent, the second time, and referred as follows:

By Mr. LUCAS:

S. 2005. A bill for the relief of Della O'Hara; to the Committee on Claims.

By Mr. McFARLAND (for himself and Mr. HAYDEN):

S. 2006. A bill for the relief of J. A. Davis; to the Committee on Claims.

By Mr. O'DANIEL:

S. 2007. A bill for the relief of Lum Jacobs (with accompanying papers); to the Committee on Claims.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred, as indicated:

H. R. 4837. An act to extend for an additional 2 years the suspension in part of the processing tax on coconut oil; to the Committee on Finance.

H. R. 4967. An act making appropriations for the Military Establishment for the fiscal year ending June 30, 1945, and for other purposes; to the Committee on Appropriations.

CHANGE OF REFERENCE

Mr. THOMAS of Utah. Mr. President, House bill 4624, to consolidate and revise the laws relating to the Public Health Service, and for other purposes, came to the Senate from the House of Representatives and was referred to the Committee on Commerce. A similar bill was introduced in the Senate some months ago and was referred to the Committee on Education and Labor which has given much consideration to it. By arrangement with the chairman of the Committee on Commerce, I now ask unanimous consent that the Committee on Commerce be discharged from the further consideration of House bill 4624 and that it be referred to the Committee on Education and Labor.

The ACTING PRESIDENT pro tempore. Is there objection to the unanimous-consent request of the Senator from Utah? The Chair hears none, and the change of reference will be made.

INVESTIGATION OF ACTIVITIES OF POLITICAL ACTION COMMITTEE OF THE C. I. O.—AMENDMENTS

Mr. TUNNELL submitted sundry amendments intended to be proposed by him to the resolution (S. Res. 298) to investigate the activities of the Political

Action Committee of the Congress of Industrial Organizations (submitted by Mr. BUTLER on May 31, 1944), which were referred to the Committee on Privileges and Elections and ordered to be printed.

COMPENSATION OF TEMPORARY CLERK, COMMITTEE ON PUBLIC LANDS AND SURVEYS

Mr. HATCH submitted the following resolution (S. Res. 311), which was referred to the Committee on Public Lands and Surveys:

Resolved, That the compensation of the assistant clerk employed by the Committee on Public Lands and Surveys under Senate Resolution 245, Seventy-seventh Congress, as continued by Senate Resolution 307, Seventy-seventh Congress, shall hereafter be at the rate of \$1,800 per annum, and \$1,500 additional so long as the position is held by the present incumbent.

REPORT OF THE COMMISSION OF FINE ARTS (S. DOC. NO. 204)

Mr. BARKLEY. Mr. President, on the 1st of June this year the President sent to the Congress the Fourteenth Report of the Commission of Fine Arts for the period from January 1, 1940, to June 30, 1944. Heretofore those reports have been printed as Senate or House documents, including the illustrations. It is a very valuable publication. I ask unanimous consent that the report to which I have just referred be printed as a Senate document, with illustrations.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Kentucky? The Chair hears none, and it is so ordered.

DEMOCRACY IN ACTION—ADDRESS BY SENATOR O'DANIEL

[Mr. O'DANIEL asked and obtained leave to have printed in the RECORD a radio address entitled "Democracy in Action," delivered by him on June 15, 1944, which appears in the Appendix.]

PLATFORM ISSUES: LABOR AND INDUSTRY—ARTICLE BY WENDELL WILKIE

[Mr. HATCH asked and obtained leave to have printed in the RECORD an article entitled "Platform Issues—Labor and Industry," written by Wendell Willkie, and published in the Washington Post of June 16, 1944, which appears in the Appendix.]

KEEP PRICE CONTROL—EDITORIAL FROM THE NEWARK EVENING NEWS

[Mr. WALSH of New Jersey asked and obtained leave to have printed in the RECORD an editorial entitled "Keep Price Control," published in the Newark (N. J.) Evening News of June 12, 1944, which appears in the Appendix.]

ACTION OF WAR LABOR BOARD WITH REFERENCE TO IDAHO POTATO HANDLERS

Mr. THOMAS of Idaho. Mr. President, a recent issue of the Idaho Daily Statesman, published at Boise, Idaho, includes in its editorial a letter from Mr. E. T. Taylor, master of the State grange, commenting on the War Labor Board's action against the Idaho potato handlers. I send the editorial to the desk and ask that it be read.

The ACTING PRESIDENT pro tempore. Without objection, the editorial will be read.

The legislative clerk read as follows:

THE GRANGE MASTER SPEAKS LOUD

The recent War Labor Board action against Idaho potato handlers has drawn this caustic editorial comment from E. T. Taylor, State grange master, in the Idaho Granger:

"Agriculture has been put into more difficulty over farm-labor matters than any other one problem.

"The draft has hit us exceedingly hard and is crippling us now in a terrific shape. Farms are being stripped of the last boy and the answer seems to be, the boy can be replaced on the farm but not in the Army.

"So the boys are going.

"Also, right now, war industries are canvassing the farm territory, running large ads in the papers, and blasting the radio time with appeals for help in war plants at wages far beyond anything the farmer can pay. The Government is paying these exorbitant wages in cost-plus contracts, and all that is left for us to do is to work harder, work longer hours, and pay and pay and pay.

"But now comes a matter that should be brought to the attention of every grange in Idaho.

"It is the prosecution by the War Labor Board of the potato handlers of Idaho, on the charge that they paid more for help than the War Labor Board said they could pay.

"In other words, with potatoes facing freezing in the late fall, the war industries taking away all of the available help at wages higher than the potato people were allowed to pay, it just simmered down to the proposition of the potato people setting back and letting the potatoes of the farmers freeze, or of their going out and getting some help to save the crops."

The enclosed statement, put out by the Idaho traffic association covers the story of servants of the farmers being prosecuted, fined, and facing imprisonment because they fought to save farmers' potatoes.

The State master is sending this out for the information of every granger in Idaho.

When things come to a pass such as this case presents, the time has come for every farmer and every farm organization to rise up and fight.

The handling of the labor situation in the United States is one of the greatest blots on our war effort. There is no use for farmers to raise produce, if and when it is raised, some Federal bureau through its bureaucrats, can destroy the farmers' year's work by rulings such as cover the case of the Idaho potato industry.

The present strike of the truckers is another case in point. Idaho farm products are spoiling in large quantities due to the fact that strikes in wartime are stopping the movement of our food products.

The farmer hasn't sabotaged the war effort. The farmer hasn't gone on strike.

The farmer hasn't been a traitor and let our boys down.

The farmer hasn't stabbed the boys in the back and held up the movement of needed food and supplies to the front.

The farmer has done his level best.

The farmer hasn't worked 40 hours a week and got time and one-half overtime.

The farmer, his wife and his children have worked 80 hours a week while he has been lambasted, slashed, and kicked around.

Floors have been kicked out from under his hogs and chickens.

He has produced to the limit and beyond at the request of bureaus that don't know the difference between a hog and a kangaroo, and then, when the inevitable occurs—and the incompetents find themselves with a lot of produce they asked for, on their hands—then—like the War Food Administration says, "We may have misled the farmer."

Montgomery Ward, the Idaho truckers' strike, the Idaho potato handlers' arrests—

all add up to one answer. It is one and the same in each case:

American liberty is in jeopardy.

FAIR EMPLOYMENT PRACTICE COMMITTEE—NOTICE OF INTENTION NOT TO PRESS AMENDMENT

Mr. DANAHER. Mr. President, yesterday I gave notice of intention to move to suspend the rule in order that I might offer an amendment to H. R. 4879, dealing particularly with the Committee on Fair Employment Practice. Legislation on the appropriation bill could be considered only under suspension of the rule. I took that step yesterday to the end that we might protect the record, for it was my belief that should the situation on the floor as a matter of parliamentary tactics require that we seek substantive legislation with reference to the continuation of the Committee on Fair Employment Practice, I wished to be in position to do so. For certainly some 26 or 28 years I have been acquainted with Mr. Malcolm Ross, chairman of that committee. I believe him to be an honorable gentleman who has been seeking to achieve a most laudable objective.

Accordingly, I conferred with Mr. Ross at various times on the telephone yesterday with reference to the subject. I left it to his decision in the course of my last conversation with him as to whether or not I should pursue my intention to move to suspend the rule and offer the amendment which is on the desk of Senators. He has finally concluded that we need not take that step and, because I have left frankly and candidly with him the ultimate decision as to whether the amendment I contemplated would protect the objectives which he is seeking to accomplish and in which I concur, I am willing to abide by his judgment.

I make this statement to the end that my colleagues in the Senate may know that I shall not pursue the motion to suspend the rule, and therefore will not offer a substantive amendment.

I had two thoughts in mind when the matter was first canvassed, Mr. President. One was born of the fixed belief that if we are to attempt to do justice in the peace to come among the peoples of the world we very properly might begin to try to do justice among our own people. Certainly, there has been discrimination on a racial basis; there has been discrimination on the basis of creed and national origin or ancestry right here in the United States of America. Where all our citizens are presumed to have equal rights, rights which we would regard, rights which we would protect, and for the maintenance of which Mr. Ross has struggled manfully, in my judgment, through the operations of the Committee on Fair Employment Practice, all steps should be taken, so far as we can take them, to eliminate such discrimination.

Thus, Mr. President, since the Committee has hitherto functioned under Executive order only, were we to give it a statutory status at this time, there would clearly be removed from this debate whatever objections might be offered by the Senator from Georgia or others who have taken the lead in opposition to the continuation of the Committee on Fair

Employment Practice as we would place its status on a legislative basis.

The second thought I had in mind with reference to the subject stems from the fact that there is before the House Committee on Labor at the present moment a bill which would place the Committee on Fair Employment Practice on a substantive or statutory ground. Since hearings are in process, in fact Mr. Ross is there testifying at this very minute, I believe, and other witnesses are also appearing, in furtherance of some such principle of legislation, if not necessarily committed to the exact details of the pending bill, I thought we might correlate a similar statutory program here with that, pursuing its legislative course through the other House. If adopted, my amendment could then go to conference and an adequate basis for continuation of the committee would be established.

The amendment which I prepared, following part of the House bill, would have permitted the transfer to the commission to be created under the statute of whatever funds might be appropriated in the pending bill to the Committee on Fair Employment Practice. Thus the functions and operations of the committee, and all unexpended balances which would be provided under House bill 4879, would be transferred to the Commission to be permanently authorized by the statute. It now appears that process can be achieved anyhow, Mr. President, if we act favorably when the House sends to us the bill upon which it is now working. Hence I need not offer the amendment, Mr. Ross feels, and I agree.

Mr. President, it seems to me that the objectives of achieving freedom from discrimination in employment practices in this country are essential to the well-being of our country. It seems to me fundamental that any lack of appreciation of these problems, and a failure to work out an adequate solution for them, will not only result in our not achieving the maximum of war production and the development of commerce throughout the country, but actually will constitute a burden upon our manpower problem.

As practical men, we cannot ignore the fact that out of our experience we know that discriminations have existed. We can not blind ourselves to the fact that among our colored people, for example, it is idle to talk of opportunity, when we educate them through the finest of our schools and then say, "Here is a job as a shoeshine boy or an elevator operator." Surely that is not to be the answer.

As practical men we know that discriminations are practiced against American citizens on the basis of their creed, or their national origin, or their ancestry. I respectfully suggest that those discriminations cannot possibly be met solely by statute, in the sense that we cannot legislate ethics into our people. But we certainly can take steps to try to remove such discriminations through the mediatory services of some such agency as the Committee on Fair Employment Practice. To that end, Mr. Ross has devoted the efforts of his committee to date. To the objectives which he would achieve I subscribe wholeheartedly.

Mr. President, since it is my duty to return to the conference committee which is considering the House and Senate versions of the Emergency Price Control Act and the Stabilization Act, I wanted to make this statement, that our colleagues might know of my views and reasons for the course I have described.

Mr. BILBO. Mr. President, will the Senator from Connecticut yield?

Mr. DANAHER. I yield the floor.

Mr. BILBO. I merely wish to make an observation about the Senator's statement with regard to Mr. Ross, who presides over the Fair Employment Practice Committee. I note the Senator's very warm and gracious words of commendation with respect to Mr. Ross' ideal to eliminate any discrimination which may seem to be evident on account of race, creed, color, or other condition.

How does the Senator explain Mr. Ross' pursuit of his ideal to eliminate discrimination when he forms a committee and so brazenly discriminates against the white race by making the personnel of a committee of about 115, two-thirds Negroes and only one-third white, in a population where there are only 12,000,000 Negroes to about 125,000,000 whites? How does the Senator explain that conduct on his part?

Mr. DANAHER. I assume, without an intimate knowledge of the facts and of the mental processes of Mr. Ross in that respect, that he sought qualified men, that he sought those who could work among their people; that if there are colored folks who are being discriminated against, and able, qualified colored representatives can be found to work among them, it would be to the advantage of all of us.

I would believe, therefore, that he has taken men who are amply capable and competent to achieve the results which should be achieved, and which he sought to accomplish; if, therefore, he has found colored men and colored women whose services could be availed of, I assume that he turned to them to serve where need existed, that an opportunity for the betterment of such conditions might be developed.

Mr. BILBO. If the Senator, as a white man, is willing to admit that no members of his race are qualified to fill these positions, then I have nothing further to say.

Mr. DANAHER. Mr. President, never was there a more flagrant non sequitur stated on this floor. I do not admit for one moment that white men are not qualified to do that sort of thing. They are qualified and are so serving. I do say that if there are colored men who are also qualified, Mr. Ross is perfectly justified in engaging them.

Mr. BILBO. I think the Senator will find that in the long run Mr. Ross' action is quite as much discrimination as what the Senator seems to think there may be on the other side, and that it is still a question of qualification.

PEACE IS NOT A PARTISAN ISSUE

Mr. DAVIS. Mr. President, the winning of the peace, like the winning of the war, is the solemn duty of every American man and woman. It is a duty

which transcends all personal considerations. Above all, the winning of the peace is not now and should never become a question of partisan politics. Any attempt on the part of any man or any group to inject politics into this sacred and all-encompassing objective should be frowned down by the American people.

This is no time to threaten the future peace of the world by telling half-truths, by making false promises, or by attempting to recast old events into a modern setting. The era of the past is dead. We must look to the era of the future with unity of purpose and unity of action.

Mistakes of policy and action have been made by both parties in the past, but this is no time to divide our people with acrimonious debate over which party has made the more costly errors. It will take all the ingenuity and determination we can muster to win the peace, just as it is taking all the ingenuity and determination we can muster to win the war, and we must not dissipate our energies and menace our unity by resorting to vitriolic partisan battles which in the end will accomplish nothing.

Today there is scarcely a man or woman in America who is not wholeheartedly in favor of America's full participation in the creation and maintenance of a system of world peace that will put a stop to recurring wars among the nations of the world. This virtual unanimity has been reflected in the actions of the Congress and in the conduct of our major political parties. Vital war measures have passed both Houses by overwhelming majorities, and the vote has never been divided along party lines.

The Connally resolution in the Senate and the Fulbright resolution in the House of Representatives were endorsed almost unanimously by both parties. At the present time the State Department is co-operating with bipartisan committees in both Houses on the issues of peace, and, according to latest reports, substantial progress is being made. Such cooperation as this must be continued, but it can be continued only if partisan quarrels are not permitted to interfere.

During these times, when the finest of American manhood is marching resolutely into battle, when thousands of American lives are being sacrificed on the beaches of France, in the islands of the Pacific, and in the peninsula of Italy, we here at home should not break the faith.

Maintaining that faith requires that we at home unite in building up a sound system of peace in order that neither those who are now fighting nor those who will come after them shall ever again be obliged to march with the rolling drums of war.

This we must do if we are to keep faith with the millions who will return from this war in victory. This we must do if we are to keep the faith with those countless thousands who will not return, whose lives have been sacrificed in the name of humanity and in the cause of peace.

They who would raise the bitter quarrels of past political history would break this faith, and endanger the future peace and progress of all mankind.

RELATIONS WITH LATIN AMERICA— LIMITATION OF PRESIDENTIAL TERMS

Mr. BUTLER. Mr. President, hardly a day passes that some distinguished American citizen or representative from a Latin-American country does not come to my office and, in effect, confirm the reports which I filed with the Senate last December and in January. But during the time many commentators of note in this country have taken the opposite side and have made very violent statements in opposition to what I have had to say. There has been, however, a tendency of late for them to come around and agree, at least in a general way, with the reports which I made to the Senate. Only this morning Drew Pearson, in his column entitled "The Washington Merry-Go-Round," has something to say which I should like to read, Mr. President. The paragraph is as follows:

NOT SUCH GOOD NEIGHBORS

Insiders have known for some time what Dr. Hernanez Tavares blasted loose last week—that good-neighbor relations with Latin America were slipping. The slip started when Sumner Welles got out of the State Department. He had a sixth sense about pan-American good will, watched the little things such as the speech Secretary Knox almost made telling Brazil how we were going to keep Brazilian bases after the war. * * * Lend-lease and Rockefeller propaganda won't buy friendship. Friendship is a job you have to work at. * * * Brazilian Foreign Minister Oswaldo Aranha has taken advantage of United States failure to lead by becoming the new leader of Latin America. He has put Brazil into the one-time position of the United States of America. * * * What gripes Latins most is talk of our keeping troops on their soil after the war. They let United States troops on their soil as a matter of courtesy but, after the war, the want 'em off. All the boats and guns in the hemisphere won't buy those bases.

Mr. President, upon the reconvening of the Senate after the recess, I shall press for public hearings upon pending resolutions to limit the tenure of the Presidency to two 4-year terms, or one of 6 years.

I consider that we have tarried too long now in submitting to the States for ratification a constitutional provision that would root out of our Government the newly sprung weed of possible permanency in the White House that can destroy representative Government.

Such action becomes particularly timely at this time when the ex-political boss of St. Louis, now chairman of the New Deal's national committee, says publicly that he would be for a fifth term for Mr. Roosevelt.

However, the proposed amendment goes far beyond the incumbent in the White House. Franklin D. Roosevelt will, perhaps, be out of office in January. But if we wish to preserve responsible government we must tie down by law the assurance that some succeeding President will not be equally ambitious to start running, as soon as he is elected to a first term, for a fourth or a fifth term.

The precedent established by President Roosevelt must be ruthlessly destroyed.

Every person who has observed the course of our history knows that too often the first term of Presidents has been used as a build-up for the traditional second term. Now, inevitably, unless Congress and the States act, many succeeding Presidents may use the first two terms to prepare for a third. And, even further, since President Roosevelt has shown by his recent anxiety his determination to remain in office as long as possible, others may feel that all precedent against limitation is gone.

Yet we read in the newspapers almost daily the statement that the courts have taken such and such a position because most of the judges are New Deal appointees. The now proven fact, that extended tenure in the White House brings the courts into subservience to the Executive, is of itself sufficient reason for limitation.

The people have been partially able to extract the Congress from the role of a "rubber stamp" for 1600 Pennsylvania Avenue. But only time can reclaim the independence of the courts where judges are appointed for life.

We of Congress, giving leadership to the States, can insure that this shall not happen again.

FELICITATIONS TO JOHN CROCKETT ON HIS EIGHTIETH BIRTHDAY ANNIVERSARY

Mr. GILLETTE. Mr. President, a citizen of my State of Iowa once said that of all that is good Iowa affords the best. I will admit that that sounds somewhat on the boastful side, but from time to time facts are brought to our attention which give some color in support of that statement, and I have risen to mention one today.

Thirty-seven years ago there came from Iowa to Washington a very fine citizen of that State, a man with a strong voice, a strong constitution, a strong and high sense of public duty, and a strong character. He was known by the name of John Crockett. He has served the Senate continuously during these 37 years. Tomorrow he will have attained the age of three score years and twenty. He is still serving the Senate faithfully. I know he is embarrassed by the fact that I have risen and mentioned his name, but 37 years of continuous service in the Senate during many administrations, a service so creditable as that rendered by Mr. Crockett, is entitled to recognition by a few words spoken on the floor.

Mr. President, I want to extend to Mr. Crockett on behalf, I am sure, of every Member of the United States Senate, past and present, in the last 37 years, our felicitations on the occasion of the eightieth anniversary of his birth, which will be tomorrow, and to express our sincere hope that he will continue to serve his country and the Senate for 37 years more.

Mr. WHITE. Mr. President, in behalf of the minority I voice complete concurrence in the words uttered by the Senator from Iowa. It happens that I have known Mr. Crockett personally for many, many years, even for long years before I came to the Senate. I have known of his great industry, his faithfulness,

his great desire at all times to accommodate and to assist Members of the Senate as they have come and gone in the years gone by. He has always been kindly, courteous, efficient, and helpful, and Members of the Senate on this side of the aisle have for him affection and great respect.

Mr. McKELLAR. Mr. President, I wish to join in the congratulations being extended to Mr. Crockett.

If I may go back for quite a long time, I will tell the Senate how I first met John Crockett. Way back in 1912 or 1913, the latter part of Taft's or the early part of Wilson's administration, I was a Member of the House and had in tow a bill I had introduced for the construction of a bridge across the Mississippi River at Memphis, which bridge is still in existence and doing good service and has been in operation ever since it was built. The Senate passed the bill; and in order to get it to the President before the adjournment of Congress it was necessary to exercise very great haste. After the bill was passed, making me the happiest man in the world, the then President pro tempore of the Senate, the Honorable James P. Clarke, of Arkansas, and himself one of the handsomest and also finest Senators I ever knew, and my warm personal friend, told me that he would have Mr. Crockett take it over to the House at once. He introduced me to Mr. Crockett from where he sat in the Vice President's chair. Mr. Crockett sat at the same front desk where he now sits. That was 33 or 34 years ago—a long time. But I have never forgotten Senator Clarke's introduction and eulogy of Mr. Crockett. Senator Martin, of Virginia, Democratic leader at that time, also praised him to me. At that time Mr. Crockett was, as he has been ever since, one of the finest-looking men I have ever seen. He wore a long Prince Albert coat, which fit him perfectly and was most becoming. I went with him, as the President pro tempore told me to do, to the office of the Secretary of the Senate, and walked over to the House with him.

Champ Clark, the father of the present Senator from Missouri, was Speaker of the House. I can see Mr. Crockett now, bowing low and addressing the Speaker in the most dignified way, "Mr. Speaker—". He could have been heard over here. His was not a harsh voice. It was magnificent. With perfect enunciation, he presented the bill to the House. His courtly manner was perfect.

From that time on, for about a third of a century, Mr. Crockett and I have been the warmest and best of friends. I have never known him to do an ungracious act or utter an improper word. He is the highest order of a gentleman at all times and under all circumstances.

I think he is one of the most faithful, efficient, and honest employees this Government has had during the 33 years I have known him. He has every good quality that a real man ought to have. I know of no good quality that he lacks. He has no bad habits. He is a man of the highest honor and integrity, a man whom I love very much. It gives me the

greatest pleasure to have a word to say in his honor here today on the eightieth anniversary of his birth. I deem it a great privilege to be able to say what I have said, and to wish for him many more years of usefulness in this body. The Senate never had a worthier, higher-minded, more efficient, or better representative, and I wish him many, many more years of usefulness and service to the Senate and to our beloved country. I believe all Senators honor and respect and love him. I do in the highest degree. Personally he is one of the most lovable and delightful men I ever knew.

Mr. BARKLEY. Mr. President, it seems incredible to me that tomorrow John Crockett will celebrate the eightieth anniversary of his birth. The only way he could prove that to me would be to present his birth certificate. If he is that old, he was born before birth certificates came into fashion. Therefore he would probably never be able to prove to me that he is 80 years old.

I recall when as a young man I was elected to the House of Representatives, longer ago than I like publicly to admit. It was during the Wilson administration. There had been a landslide due to conditions which existed in 1912. The Democrats had swept the House and the Senate, both of which needed to be swept after long tenure in office of the opposition party.

John Crockett used to come over to the House and deliver messages from the Senate. As the Senator from Tennessee has said, he had then, and still has, one of the most magnificent voices with which any man was ever blessed. Whenever John Crockett presented even the most prosaic, routine, or inconsequential message from the Senate to the House, he did it with such dignity, fullness of tone, and roundness of voice that the House always broke out in applause. He was the envy of all of us young Members of the House, by reason of his magnificent voice and presence. That has been nearly 32 years ago. I believe he had then been in the service of the Senate for 5 years.

I can agree with everything good that anyone could say about him personally or officially. I have never heard any human being say ought about him that was not good. If he is 80 years old—and I have no proof to the contrary—having served the Senate for 37 years, I hope he will live to be 100 years old, and still have the magnificent voice, the charming personality, and the sterling character which he has always possessed, and will still be the Chief Clerk of the Senate.

I felicitate him upon attaining 10 years beyond the Biblical allotment of life. If he were to write a book containing all the things which he has observed and heard and come in contact with in the past 80 years I am certain that it would be a valuable historical contribution to the knowledge of the American people and of the world, and would shed much light upon the processes of legislation.

It is an honor to be associated with such a man. It is a credit to the Senate that it has retained his services for all

these years, regardless of political changes in the Senate and in the administration of our Government. It makes me proud to be an American when I see such men taken at their real worth, and see their services retained by appreciative men, without regard to political distinction.

I wish for Mr. Crockett continued long life. I am really sincere when I say that I hope he will round out the century, because that is what I myself am planning to do before I "shuffle off this mortal coil." I should like to be associated with him in that century of life, which I hope in both cases may be regarded as of some use and value to the country.

CALL OF THE ROLL

Mr. HILL. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names.

| | | |
|-----------|---------------|---------------|
| Alken | Gerry | Pepper |
| Austin | Gillette | Radcliffe |
| Ball | Gurney | Reed |
| Bankhead | Hatch | Revercomb |
| Barkley | Hawkes | Reynolds |
| Bilbo | Hill | Robertson |
| Brewster | Holman | Russell |
| Bridges | Johnson, Cgo. | Shipstead |
| Buck | Kilgore | Stewart |
| Burton | La Follette | Taft |
| Bushfield | Lucas | Thomas, Idaho |
| Butler | McClellan | Thomas, Okla. |
| Byrd | McFarland | Thomas, Utah |
| Capper | McKellar | Truman |
| Chavez | Maloney | Tunnell |
| Connally | Maybank | Vandenberg |
| Cordon | Mead | Wagner |
| Danaher | Millikin | Walgren |
| Davis | Moore | Walsh, N. J. |
| Downey | Murdock | Weeks |
| Eastland | Murray | Wherry |
| Ellender | O'Daniel | White |
| Ferguson | O'Mahoney | Wiley |
| George | Overton | Willis |

Mr. HILL. I announce that the Senator from Washington [Mr. BONE] and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness.

The Senators from Nevada [Mr. McCARRAN and Mr. SCRUGHAM] are absent on official business.

The Senator from Florida [Mr. ANDREWS], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Kentucky [Mr. CHANDLER], the Senator from Idaho [Mr. CLARK], the Senator from Missouri [Mr. CLARK], the Senator from Rhode Island [Mr. GREEN], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Arizona [Mr. HAYDEN], the Senator from Indiana [Mr. JACKSON], the Senator from South Carolina [Mr. SMITH], the Senator from Maryland [Mr. TYDINGS], and the Senator from Massachusetts [Mr. WALSH] are detained on public business.

The Senator from North Carolina [Mr. BAILEY] and the Senator from Montana [Mr. WHEELER] are necessarily absent.

Mr. WHERRY. The Senator from Illinois [Mr. BROOKS], the Senator from North Dakota [Mr. LANGER], the Senator from North Dakota [Mr. NYE], and the Senator from Iowa [Mr. WILSON] are necessarily absent.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The ACTING PRESIDENT pro tempore. Seventy-two Senators having answered to their names, a quorum is present.

CONSERVATION OF FUEL

Mr. MEAD. Mr. President, I have before me a copy of a press and radio release issued recently by the Navy Department, in which appear excerpts from a letter written by the Secretary of the Navy, James Forrestal. The able Secretary of the Navy calls attention to the imminent fuel shortage which will confront the Nation during the coming winter.

On several occasions I have called attention to the fact that we are exhausting our stock pile of fuel. It is very unusual for us to be doing so at this time of the year when it is customary to replenish it. The situation indicates that the Northern States will suffer from a severe shortage of fuel, and that unless something is done about it the suffering will be serious. The Navy Department release states as follows:

Conservation of all types and kinds of fuel—solid, liquid, and gaseous—by naval shore establishments throughout the United States is imperative.

The Secretary is quoted in the release as follows:

A critical supply situation already exists, and it is anticipated that it will become increasingly difficult to meet the deficit in actual wartime demands from outside sources. This is particularly true in the States of Oregon and Washington.

In the Appalachian area (New York, Pennsylvania, Maryland, Virginia, West Virginia, and eastern Ohio) the supply of natural gas is particularly critical.

Along the Atlantic seaboard it is anticipated that during the next heating season the supply of screened or prepared sizes of bituminous and anthracite coal will be extremely short.

The release continues:

Constant coordination with the appropriate fuel agencies in Washington, and the proper selection of the most available fuel is vital, Secretary Forrestal pointed out. He also stated that all shore activities must take appropriate action immediately to place all heating and power plants in condition for efficient operation.

Mr. President, a few days ago Secretary Ickes called attention to this problem, as did also Dr. Potter, Deputy Solid Fuels Administrator for War. I hope that the Governors of the several States, the mayors of the various cities, and the heads of the Federal agencies will follow the splendid example which has already been set by the Secretary of the Navy.

I ask that the release be printed in the RECORD at this point as a part of my remarks.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

SECRETARY OF THE NAVY JAMES FORRESTAL SAYS CONSERVATION OF FUEL IS IMPERATIVE AT NAVAL SHORE ESTABLISHMENTS

Conservation of all types and kinds of fuel—solid, liquid, and gaseous—by naval shore establishments throughout the United States is imperative, Secretary of the Navy James Forrestal said in a letter to all naval shore establishments.

The Secretary stated that drastic measures to conserve fuel were necessary because of the critical shortages brought on by increased requirements for industrial power, movements of increasing quantities to the expanding theaters of war, a decrease in production in some areas and, in some instances, insufficient transportation facilities.

"On the Pacific coast the demand for oil is much greater than the producing ability of the supplying oil well areas," the Secretary's letter said. "A critical supply situation already exists, and it is anticipated that it will become increasingly difficult to meet the deficit in actual wartime demands from outside sources. This is particularly true in the States of Oregon and Washington."

"In the Appalachian area (New York, Pennsylvania, Maryland, Virginia, West Virginia, and eastern Ohio) the supply of natural gas is particularly critical."

"Along the Atlantic seaboard it is anticipated that during the next heating season the supply of screened or prepared sizes of bituminous and anthracite coal will be extremely short."

Constant coordination with the appropriate fuel agencies in Washington, and the proper selection of the most available fuel is vital, Secretary Forrestal pointed out. He also stated that all shore activities must take appropriate action immediately to place all heating and power plants in condition for efficient operation.

REGIMENTATION RAMPANT

THE FARMER

Mr. MOORE. Mr. President, a few days ago I received a letter from the president of the board of agriculture of a southwestern State. The writer of the letter is a Democrat. The Governor of his State is a well-known top-flight new dealer. The letter is a significant reaction of the farmers to the present administration's agricultural program, which has resulted in an almost complete destruction of the constitutional rights of the States. It is indicative of the deep-seated public yearning to recapture constitutional freedom and terminate once and for all totalitarian government in America. Among other things, this Democratic officeholder observes:

"There is a growing feeling in the State that the State's rights are continually and increasingly being usurped by the Federal Government. Naturally this has been helped by the war emergency, which makes it necessary for the Federal Government to step in and do things that it would not ordinarily do in peacetime, but I hear increasing complaints from the farmers as to Federal agencies not only usurping the rights of the State but also of the farmers, thereby killing their independent spirit. Hundreds of farmers have asked me personally, and have written to me saying that they wished the State had a part in administering the several agricultural programs so that they could be administered more carefully and accurately. They complain constantly about red tape."

Following are some of the suggestions which this State official tells me are coming from farmers all over his State:

First, Cotton classing, which is now being done by the Federal Government, should be done at least cooperatively with the State department of agriculture.

Second, All marketing and grading of agricultural commodities should be su-

pervised by representatives of the individual States, who will control programs.

Third, Members of committees should be persons other than Federal employees. All county war boards should have persons on them who are not employed and paid by the Federal Government, thereby having a membership whose judgment would not be biased by Federal dictation.

Fourth, All comments finally resolve into one general feeling, namely, that where it is necessary for the Federal Government to aid financially, it ought not to necessitate controlling the finances, but should be given to State committees and administered without Federal dictation.

Fifth, There is also a strong indication that the people feel that the United States Department of Agriculture is trying to bypass the States in carrying on agricultural programs, and that they feel that the State should be a part of every one of these programs that are necessary. They feel the only way to remedy this is to reduce the appropriations of the United States Department of Agriculture so that they will not have so many employees out in the several States.

Sixth, They also feel, and in this I heartily concur, that the United States Department of Agriculture should be a policy-making division of our Federal Government, and that it should be done in cooperation with the States' agricultural programs, leaving the administration of the States' program in the hands of the States' authorities on a cooperative basis.

This gentleman goes on to say that in his opinion:

As soon as the war is over there will be a general reaction to Federal control and a definite swing toward States' rights, and frankly—

He says—

I hope that this condition prevails.

The last report of the Joint Committee on Reduction of Nonessential Federal Expenditures, of which the distinguished Senator from Virginia (Mr. BYRD) is chairman, discloses more than 80,000 employees in the Department of Agriculture. Those employees are swarming through the States directing and ordering our rural population about in total disregard to State laws and the State agricultural programs. Every activity down to the very personal lives of the farmers of the country has been regimented to the nth degree. They resent it and, in my opinion, the revolt is on.

The complaint of the farmers of America, as expressed by this southwestern Democratic officeholder, can be repeated in every phase of our national life.

LABOR

Through the National Labor Relations Act the arbitrary, unfair, and discriminatory regulations and rulings of the National Labor Relations Board, backed up by a hand-picked Rooseveltian Supreme Court have operated to completely regiment the laboring man, destroy his legitimate union activities and hamstring his employer. Now, under the guise of war necessity, the War Labor

Board has delivered both labor and management into the hands of the labor racketeers. No longer in America are men free to work without paying tribute to the racketeers of labor through enforced union membership, even against the will and the desire of the individual worker.

Although it was apparent that the Congress was opposed to a National Service Act for drafting and enslaving labor, the will of Congress is of no concern to the New Deal Government and its palace guard advisers. The War Manpower Commission has now issued regulations and directives more drastic and more far-reaching than even those contained in the proposed National Service Act. The New Deal has again shown its contempt for the will of Congress and has proceeded with its usual program of legislating the law, enforcing the law, and meting out punishment for what some bureaucrat may deem to be a violation.

THE BUSINESSMAN

Under the O. P. A. and the guise of wartime emergency the American businessman and industry in general have been reduced to a state of serfdom.

During the debate on the O. P. A. bill in the Senate on last Friday, I charged that there had been a dishonest application of the Emergency Price Law, that is had resulted in a deluge of black markets, severe inflation, and was threatening to lead the country into the most serious inflationary period of its history. The Senator from Connecticut rose to defend the honesty and integrity of his personal friend, Chester Bowles. The majority leader declared that it was absurd to say there was serious inflation or that we were threatened with serious inflation.

The Senator from Connecticut apparently was content to protect Mr. Bowles but ventured no defense of the application of the price law. In fact, he admitted that there had been "some mistakes". Likewise, the Senator from Kentucky contented himself with the mere denial that there was inflation.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. MOORE. I yield.

Mr. MALONEY. Let me briefly do it now, and let me also point out that in his statement, to which the distinguished Senator referred, he said that O. P. A. should be abolished.

Mr. MOORE. I did not understand what the Senator said.

Mr. MALONEY. I was merely recalling the fact that during the course of the Senator's brief discussion the other day he advocated the abolition of the Office of Price Administration.

Mr. MOORE. I, of course, did not mean to attack the personal honesty of Mr. Bowles. I do insist, however, that the administration of the price-control law has been a miserable failure. There can hardly be a better example of a break-down in public morals than that developed under O. P. A. Mental dishonesty has pervaded the entire set-up.

The second intermediate report of the Select Committee to Investigate Execu-

tive Agencies under House Resolution 102, submitted on November 15, 1943, stated:

The committee also recognizes the necessity in the war period for the exercise of extraordinary governmental action to mobilize the economic as well as the military resources of the Nation, and to direct them toward the winning of the war.

But there are right and wrong ways to accomplish these purposes.

The right way is through the operation of the legislative, executive, and judicial functions of democratic government within the confines of constitutional limitations.

The wrong way is by the usurpation of those functions by executive agencies through misinterpretation and abuse of powers granted them by the Congress and the assumption of powers not granted.

Failure to observe this simple formula is fatal to that mutual confidence that must exist between the legislative and executive branches for the successful operation of either.

Distrust of the good faith of the executive department in interpreting the powers granted will inevitably discourage and deter Congress from delegating those powers essential to the efficient functioning of government.

The committee finds that the Office of Price Administration has assumed unauthorized powers to legislate by regulation and has, by misinterpretation of acts of Congress, set up a Nation-wide system of judicial tribunals through which this executive agency judges the actions of American citizens relative to its own regulations and orders and imposes drastic and unconstitutional penalties upon those citizens, depriving them in certain instances of vital rights and liberties without due process of law. This seizure of judicial and legislative functions of government by the Office of Price Administration is traced in detail in the following pages.

In Report No. 808, part 1, of the House Interstate and Foreign Commerce Subcommittee, pursuant to House Resolution 98, investigating O. P. A.'s regulations and restrictions on brand names and grade labeling, released in October 1943, it is said:

The official reason advanced by Office of Price Administration for the issuance of MPR 306 with its original mandatory grade-labeling provision was that such a system would be necessary to enforce the Office of Price Administration ceilings on processed foods. While witnesses before the subcommittee conceded that this enforcement reason was "superficially plausible," they contended that whoever in the Office of Price Administration was responsible for this grade-labeling requirement has no conception of the fundamental effect of such a requirement on the food economy of this country; and it was an irresponsible action to promulgate what amounts to fundamental marketing reform, without thoroughly investigating it and finding out whether it is a sound thing to do.

During the brief period from April 3, 1944, to May 24, 1944, the O. P. A. and the W. P. B. have issued 23 orders and press releases relaxing or promising the relaxation of certain rationing regulations. These relaxing orders and promises of relaxations include lard, frozen fruits and vegetables, shortening and salad oils, canned vegetables, butter, oleomargarine, fresh and canned meats, tires, gasoline, typewriters, stoves, clothing for children, electric ranges, ice refrigerators, cooking utensils, galvanized ware, alarm clocks, bedsprings, umbrel-

las, electric irons, telephones, passenger automobile production, electric fans, and other commodities in demand by civilian consumers.

These relaxing orders and promises of relaxations, coming at a time when the American public is poised for a national election, carry with them a political significance which cannot be ignored.

The public will remember that on April 4, 1944, Mr. Bowles, in a coast-to-coast radio hook-up, told the housewives of the country that—

If I were going to make a guess on the civilian supply of meat for the next few months, I'd say there would be a little less in May, June, July, and August, with a stepping up of the supply again in the fall.

On May 3, 1944, all rationed meats, except steaks and roasts, were relieved from rationing regulations. At the same time rationing regulations were removed from canned vegetables and frozen fruits and vegetables, the Department of Agriculture, through its Bureau of Agricultural Economics, was on record with a report that—

Per capita civilian supplies of canned vegetables during the 1943-44 season are indicated to be only about four-fifths as large as the quantity consumed during 1942-43.

The spectacle of empty meat counters when our stock pens and storage facilities are bulging with cattle and hogs is a national scandal. The mishandling of the feed situation has caused discontent and distrust, and has disgusted the cattlemen and farmers of the country. In recent weeks there has been a wholesale dumping of beef cattle on the market, because of the fear of the reaction of O. P. A. regulations in the cattle business.

Hundreds of our dairies have been driven out of business. Even the Secretary of the Treasury has admitted that he was forced out of the dairy business. Eggs are a glut on the market today because of this governmental effort to "stiff arm" the law of supply and demand. And, incidentally, I wonder if we have forgotten the silly regulations of the O. P. A. such as the bread-slicing order and the maximum price orders for marbles, tops, and other children's toys, which items, I understand, have recently been released from the price regulations.

It is well known that the O. P. A. has from the beginning been largely composed of "parlor pinks" and draftees from the Communist Party, the League for Industrial Democracy, and other leftist groups.

A former employee in speaking of the personnel of the Office of Price Administration has written me as follows:

From my daily contacts with many of these people for more than a year, I was driven reluctantly to the conclusion that their one aim and purpose was to set up a system of controls that would be a permanent institution, so that they would have safe berths at fat salaries as career boys in the new regimented State, for the rest of their lives. One of these young "economists," a recent graduate of the Harvard School of Business, put it very clearly in the following words:

"This war is giving us the perfect opportunity to perfect our technique of control, so that when the war is over we will have

the businessmen just where we want them and we can then continue the O. P. A. as a permanent institution."

George W. Doffing, a former price executive of the Petroleum Branch of O. P. A., when attention was called to the need for prompt action to prevent the plugging of certain oil wells and the loss of production, is quoted as having said:

A high mortality rate is expected among the small marginal producers, and that will be all to the good. A few big operators rather than a raft of small inefficient ones is a much better situation for us, from the price control viewpoint.

I do not believe that even the most ardent supporters of the emergency price law visualized the possibilities for such arbitrary action when it was originally enacted. The many safeguards and prohibitions proposed by the Congress against the use of arbitrary power by those entrusted with the application of the law offer ample proof that the act has been unwisely and improperly administered. The attempt of the Price Administration to set itself up as judge, jury, and prosecutor is sabotage of our American constitutional principles. The emergency price law, in my opinion, never extended such power to the Administrator and his deputies, and I do not believe that it was the intent of Congress to delegate such uncontrolled authority.

The black-market situation is common knowledge to every citizen. We all know that this or that commodity may be had by paying the price and becoming a participant in a bootlegging transaction. Financial authorities are appalled at the fact that in excess of \$21,500,000,000 in currency is now afloat in the country. This vast amount of cash is an increase of more than 250 percent over the amount in circulation in 1940, and is \$15,500,000,000 more than the \$5,900,000,000 average for the 11-year period covered by the fiscal years 1930-40, inclusive.

What is the explanation of the demand for this excessive amount of currency? There are many bankers who feel that the explanation lies in the fact that we actually have on our hands a black-market economy, and black-market operations are carried on as cash transactions. Incidentally, such transactions are not usually reported for tax purposes. I am convinced that to a large extent the price control law is responsible for this inflationary flood of currency.

The manner in which the Emergency Price Control Act has been applied by the O. P. A. has saddled upon us an army of black-market operators and bootleggers. The people resent the failure of their Government to have confidence in their patriotism. The reaction to the arbitrary and capricious application of O. P. A. regulations is psychologically the same as that which destroyed the respect of our people for the prohibition law.

UTILITIES

Regulation of our utilities, together with the destiny of hundreds of thousands of utility employees and investors,

has been wrested from the States by this gargantuan central government through the machinations of the Federal Power Commission. Not only has this Commission garnered unto itself the control of the utilities of the country, but it has worked with and aided numerous New Deal agencies with communistic ideologies that have been active in destroying our utility investments and setting up a system of Government-owned and financed power projects, in competition with all private endeavor in this field of commerce.

At this time the nomination of Mr. Leland Olds, as Chairman of the Federal Power Commission, for another term is being considered by a subcommittee of the Senate Committee on Interstate Commerce. In the last few days I have received protests and statements from numerous State utility commissions flatly charging that the activities of the Federal Power Commission under Mr. Olds have been such as to destroy the power and the authority of the States to regulate their own intrastate business.

OIL

The regimentation of the all-important oil industry and its hundreds of thousands of employees and the attempt to render this great industry impotent by the maintenance of subnormal prices and through a well-organized propaganda campaign that we were running out of oil as a background for launching this country upon a program of imperialism in the field of foreign oil has been exposed on the floor of both Houses of Congress.

THE LAND GRAB

The rate at which the New Deal Government is destroying the vigor of the States by buying up the surface area of our country has been exposed by the Byrd Economy Committee and others. Already in excess of 21 percent of the surface area of the States is owned by the Central Government. Much of this land was acquired by communistic agencies of the New Deal regime. For example, the Farm Security Administration acquired almost a million acres of land in 36 States and the Virgin Islands for the purpose of creating communal farms. Over 98,000 acres of land were acquired for this purpose in Alabama, in excess of 83,000 acres in Arkansas, 82,000 acres in Georgia, nearly 61,000 acres in Minnesota, 52,000 acres in Mississippi, over 50,000 acres in Montana, nearly 70,000 acres in North Carolina, 41,000 acres in South Carolina, nearly 67,000 acres in Texas, 25,000 acres in Oklahoma, over 30,000 acres in New Mexico, and nearly 36,000 acres in Louisiana.

A similar program among the Indians was attempted by the Commissioner of Indian Affairs, and large purchases of land were made for communal Indian reservations. According to a recent statement of the chairman of the Indian Affairs Committee of the Senate the program has been a failure and distasteful to the Indians.

No segment of our people has been overlooked in the blitzkrieg of regimentation under which we have suffered during the past 11 years.

INSURANCE

An assault upon the insurance business and its sixty-odd million policyholders by the centralized New Deal Government has now been assured by a four-Judge decision of the Supreme Court of the United States, in the case of United States against South-Eastern Underwriters Association, decided June 5, 1944. It was there held that insurance transactions constitute commerce among the several States, so as to make them subject to Federal regulation under the commerce clause of the Federal Constitution and subject to the provisions of the Federal antitrust laws. Thus a 75-year precedent that insurance transactions were intrastate in character and subject to the regulations of the particular States in which such transactions were carried on was reversed and the door opened to another avenue of regimentation for the new dealers.

This is the first time in history that a minority of the Supreme Court justices has reversed an important precedent. It is the first time that a minority has assumed the responsibility of ruling on a question of constitutionality. Under the rules of the Supreme Court, four out of the nine Justices may render a decision, but in all the history of the Court the Justices have refrained from exercising that prerogative on the theory that it was improper for a minority to act on questions of such importance.

The opinion was written by Justice Douglas and concurred in by Justices Black, Murphy, and Rutledge. It is now perfectly apparent that the insurance departments of the 49 States are to be rendered powerless and the life- and fire-insurance business and the millions of policyholders are to be regulated by the New Deal bureaucracy.

For a long time it has been evident that there was a desire on the part of the new dealers to bring the insurance business under the domination of the Federal Government in order that the control of the large funds involved might be put at the disposal of the bureaucracy. The opening of this latest avenue of the destruction of State rights, in my opinion, portends the most far-reaching step in all of the history of the New Deal.

TAXATION

Over and above all this driving effort to destroy the constitutional rights of the States and render them vassals of a super-New Deal Government is the almost unbearable burden of taxation, a burden that has steadily grown year by year for the past 11 consecutive years, a burden that is so great that it is destroying the profit incentive of our people. The present rate of income and excess-profits tax in some cases amounts to confiscation. The excess-profits tax is encouraging some of our corporate enterprises to engage in foolish and unprofitable investments on the grounds that the Government is in fact paying for such foolish and imprudent expenditures if the taxable income is reduced. Such unsound course is depriving the Government of a large legitimate tax upon the wealth and income of our country, and

will in the end defeat our ability to repay the staggering national debt under which we labor, and will eventually deprive us of the ability to continue to pay the operating cost of government.

It is, of course, realized that to a large degree the national debt stems from the war, but long before the currents of war were running, the New Deal Government had launched itself upon a financial program that was destined for certain disaster. Federal expenditures rose from less than four billion in 1933 to over eight billion in 1937, or about 110 percent. Over the same period the national debt jumped from twenty-two and one-half billion to nearly thirty-six and one-half billion, or an increase of 60 percent. In this 4-year period tax collections on incomes increased from \$746,000,000 to over two billion, or approximately 200 percent, while the national income increased only about 70 percent.

It is indeed a sorry spectacle to which the third administration of the New Deal has brought us. It is a discouraging travesty upon history that the American people are being asked to continue the New Deal government for a fourth term. It is disheartening to witness an administration that uses the war for political position, when the simple statement of the leader of that administration that he would not be a candidate for reelection to office would unify the unlimited strength of this great Nation for final and complete victory in this awful war. But I have confidence in the integrity and intelligence of our people to throw off the yoke of regimentation and to return to constitutional government—the greatest blueprint ever devised for self-government. The native genius of our people and the mass productive powers of our country, if and when given the freedom of action and self-government contemplated by the Constitution, can and will survive this dark page of history.

Mr. MALONEY subsequently said: Mr. President, I am prompted, largely by the speech of the able Senator from Oklahoma [Mr. MOORE] to read into the Record at this point a newspaper item which I think is of special interest, and which is very pleasing to me, and I believe also to the people of my State. It is an Associated Press article which appeared in the newspapers of June 11. It is dated at Springfield, Mass., and reads as follows:

SPRINGFIELD CLUB GIVES AWARD TO CHESTER BOWLES

SPRINGFIELD, MASS., June 10.—The Springfield Advertising Club has bestowed on Price Administrator Chester Bowles its William Pynchon award, presented to a Springfield native who has performed outstanding service.

The citation accompanying the award said in part that the organization believed "that the great majority of the American people feel that he has done a good job courageously and efficiently."

The award was made by the William Pynchon trustees and accepted in the absence of Bowles by his cousin, Richard Hooker, publisher of the Springfield Republican.

I should like to add—and only because of the statement of the Senator from Oklahoma—that I think this expresses

the sentiment of an overwhelming majority of the American people.

THE LANDING IN FRANCE

Mr. DAVIS. Mr. President, since the morning of D-day, when the Allied soldiers stormed ashore on the seacoast of Normandy, there to wrest a beachhead from the Nazi defenders, we in America have received much news. But, it has not been the down-to-earth, eyewitness type of description which is the only type of news that can even begin to convey to us the terrific ordeal which our men underwent in order that the liberation of Europe might be realized.

There is one American correspondent who has traveled with our troops across Africa, through Sicily, and into Italy. He is now stationed with our troops on the beachhead in France. His writings, more than the writings of any other man, have served to bring home to us the real import of this war and the real suffering and hardship which our boys must undergo and are undergoing before victory may be attained.

I speak now of Ernie Pyle, whose daily column appears in many newspapers throughout the land, and whose factual, down-to-earth, descriptive writings serve to impress us fully with the bitter carnage that is war.

In today's Washington News, on the front page, in bold type, Pyle's column is entitled "This Is the Way It Was." In that column, for the first time to my knowledge, is described the bitter, almost incredible destruction which took place during the early landings on the coast of France.

Mr. President, every man and woman in America should read that column. Then he or she should ask the Almighty to watch over our boys, for truly they are engulfed in a living hell, the like of which we at home cannot imagine.

Mr. President, I ask unanimous consent to have printed in the Record as a part of my remarks this article by Ernie Pyle, as a tribute to the courage, tenacity, and skill of our fighting men, and as a reminder to all of us here at home that we can never begin to approach the standards of service and sacrifice of those who now carry on the fight on the far-flung battle fronts of the world.

There being no objection, the article was ordered to be printed in the Record, as follows:

THIS IS THE WAY IT WAS
(By Ernie Pyle)

NORMANDY BEACHHEAD, D-DAY PLUS TWO.—I took a walk along the historic coast of Normandy in the country of France.

It was a lovely day for strolling along the seashore. Men were sleeping on the sand, some of them sleeping forever. Men were floating in the water, but they didn't know they were in the water, for they were dead.

The water was full of squishy little jellyfish about the size of your hand. Millions of them. In the center each of them had a green design exactly like a four-leaf clover. The good-luck emblem. Sure. Hell, yes.

I walked for a mile and a half along the water's edge of our many-miled invasion beach. You wanted to walk slowly, for the detail on that beach was infinite.

The wreckage was vast and startling. The awful waste and destruction of war, even aside from the loss of human life, has always

been one of its outstanding features to those who are in it. Anything and everything is expendable. And we did expend on our beachhead in Normandy during those first few hours.

For a mile out from the beach there were scores of tanks and trucks and boats that you could no longer see, for they were at the bottom of the water—swamped by overloading or hit by shells or sunk by mines. Most of their crews were lost.

You could see trucks tipped half over and swamped. You could see partly sunken barges and the angled-up corners of jeeps and small landing craft half submerged. And at low tide you could still see those vicious six-pronged iron snares that helped snag and wreck them.

On the beach itself, high and dry, were all kinds of wrecked vehicles. There were tanks that had only just made the beach before being knocked out. There were jeeps that had burned to a dull gray. There were big derricks on caterpillar treads that didn't quite make it. There were half-tracks carrying office equipment that had been made into a shambles by a single shell hit, their interiors still holding their useless equipment of smashed typewriters, telephones, office files.

There were LCTs turned completely upside down, and lying on their backs, and how they got that way I don't know. There were boats stacked on top of each other, their sides caved in, their suspension doors knocked off.

In this shore-line museum of carnage there were abandoned rolls of barbed wire and smashed bulldozers and big stacks of thrown-away life belts and piles of shells still waiting to be moved.

In the water floated empty life rafts and soldiers' packs and ration boxes, and mysterious oranges.

On the beach lay snarled rolls of telephone wire and big rolls of steel matting and stacks of broken, rusting rifles.

On the beach lay, expended, sufficient men and mechanism for a small war. They were gone forever now. And yet we could afford it.

We could afford it because we were on, we had our toehold, and behind us there were such enormous replacements for this wreckage on the beach that you could hardly conceive of their sum total. Men and equipment were flowing from England in such a gigantic stream that it made the waste on the beachhead seem like nothing at all, really nothing at all.

A few hundred yards back on the beach is a high bluff. Up there we had a tent hospital and a barbed-wire enclosure for prisoners of war. From up there you could see far up and down the beach, in a spectacular crow's-nest view, and far out to sea.

And standing out there on the water beyond all this wreckage was the greatest armada man has ever seen. You simply could not believe the gigantic collection of ships that lay out there waiting to unload.

Looking from the bluff, it lay thick and clear to the far horizon of the sea and on beyond, and it spread out to the sides and was miles wide. Its utter enormity would move the hardest man.

As I stood up there I noticed a group of freshly taken German prisoners standing nearby. They had not yet been put in the prison cage. They were just standing there, a couple of doughboys leisurely guarding them with Tommy guns.

The prisoners, too, were looking out to sea—the same bit of sea that for months and years had been so safely empty before their gaze. Now they stood staring almost as if in a trance.

They didn't say a word to each other. They didn't need to. The expression on their faces was something forever unforgettable. In it was the final horrified acceptance of their doom.

It only all Germany could have had the rich experience of standing on the bluff and looking out across the water and seeing what their compatriots saw.

WAR BOND SALE AND DANCE UNDER AUSPICES OF CAPITOL PAGES

Mr. STEWART. Mr. President, I desire to call attention at this time to the fact that on the 19th of June the pages of the Senate and the House of Representatives will conduct another War bond and War stamp sale and dance in the new ballroom of the Shoreham Hotel. I take pleasure in making this statement, for the reason that the youngsters both on this side of the Capitol and on the other side have been lending their energies to the drive to sell War bonds and War stamps. Once before they gave a similar dance at the Shoreham Hotel. In that drive they sold several thousand dollars' worth of War bonds.

Members of the Senate on both sides of the aisle have an interest in the activities of the pages. These youngsters—I say "youngsters," although in the main they are boys of the ages of approximately 12 or 14 years, and some are a little older—constitute a group of young men of whom both Houses of Congress and the whole Nation, as a matter of fact, may well be proud.

This act on their part is a patriotic one. I think we would do well to lend whatever assistance we can to aid and encourage them in their efforts in this respect.

We have seen a number of the youngsters from this Chamber enter the armed forces during the past 2 or 3 years since the war started. We have seen, and I myself have seen in the 5 or 6 years I have been here, boys who came here as little fellows in knee pants, boys who then were approximately 12, 13, or 14 years of age, or at about that tender period of life, become old enough to be equipped with guns and join the American Army. Many of them, boys who were here even a short 2 or 3 years ago serving us in this Chamber, are now in the armed forces.

The younger ones, who because of their tender years are not yet able to join the armed forces, are making this contribution as a patriotic endeavor to help as much as they can in the war effort. I commend them for it. I hope it will be possible for the Members of the Senate not only to attend the dance which this group of youngsters is giving, but to do other things which come our way, so as to give them encouragement in their patriotic endeavor.

APPROPRIATIONS FOR WAR AGENCIES

The Senate resumed consideration of the bill (H. R. 4879) making appropriations for war agencies for the fiscal year ending June 30, 1945, and for other purposes.

The PRESIDING OFFICER (Mr. TUNNELL in the chair). The clerk will state the first committee amendment passed over.

The LEGISLATIVE CLERK. On page 10, line 5, after the word "out", it is proposed to strike out "the" and insert "any."

Mr. MEAD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

| | | |
|-----------|----------------|---------------|
| Aiken | Gerry | Pepper |
| Austin | Gillette | Radcliffe |
| Ball | Gurney | Reed |
| Bankhead | Hatch | Revercomb |
| Barkley | Hawkes | Reynolds |
| Bilbo | Hill | Robertson |
| Brewster | Holman | Russell |
| Bridges | Johnson, Colo. | Shipstead |
| Buck | Kilgore | Stewart |
| Burton | La Follette | Taft |
| Bushfield | Lucas | Thomas, Idaho |
| Butler | McClellan | Thomas, Okla. |
| Byrd | McFarland | Thomas, Utah |
| Capper | McKellar | Truman |
| Chavez | Maloney | Tunnell |
| Connally | Maybank | Vandenberg |
| Cordon | Mead | Wagner |
| Danaher | Millikin | Wallgren |
| Davis | Moore | Walsh, N. J. |
| Downey | Murdock | Weeks |
| Eastland | Murray | Wherry |
| Ellender | O'Daniel | White |
| Ferguson | O'Mahoney | Wiley |
| George | Overton | Willis |

The PRESIDING OFFICER. Seventy-two Senators have answered to their names. A quorum is present.

APPROPRIATIONS FOR CIVIL FUNCTIONS ADMINISTERED BY THE WAR DEPARTMENT—CONFERENCE REPORT

Mr. THOMAS of Oklahoma submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4183) making appropriations for the fiscal year ending June 30, 1945, for civil functions administered by the War Department, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 4.

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 3, 5, 6, 7, 8, and 9.

ELMER THOMAS,
CARL HAYDEN,
JOHN H. OVERTON,
RICHARD B. RUSSELL,
CHAN GURNEY,
C. WAYLAND BROOKS,

Managers on the part of the Senate.

J. BUELL SNYDER,
JOHN H. KEER,
GEORGE MAHON,
D. LANE POWERS,
ALBERT J. ENGEL,
FRANCIS CASE,

Managers on the part of the House.

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent for the present consideration of the conference report.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. WHITE. Mr. President, my attention was distracted. To what does the conference report relate?

Mr. THOMAS of Oklahoma. It is a conference report on the bill making appropriations for the civil functions of the War Department. It is a partial report. The conferees have come to an

agreement on a few amendments, and there are some amendments still in disagreement. I am asking for the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 4183, which was read as follows:

IN THE HOUSE OF
REPRESENTATIVES, U. S.,
June 15, 1944.

Resolved, That the House recede from its disagreement to the amendments of the Senate Nos. 2 and 6 to the bill (H. R. 4183) making appropriations for the fiscal year ending June 30, 1945, for civil functions administered by the War Department, and for other purposes, and concur therein; and

That the House insist upon its disagreement to the amendments of the Senate Nos. 1, 3, 5, 7, 8, and 9 to said bill.

Mr. THOMAS of Oklahoma. Mr. President, I move that the Senate further insist on its amendments numbered 1, 3, 5, 7, 8, and 9, request a further conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate at the further conference.

The motion was agreed to; and the Presiding Officer appointed Mr. THOMAS of Oklahoma, Mr. HAYDEN, Mr. OVERTON, Mr. RUSSELL, Mr. BAILEY, Mr. REYNOLDS, Mr. BRIDGES, Mr. GURNEY, and Mr. BROOKS conferees on the part of the Senate at the further conference.

APPROPRIATIONS FOR WAR AGENCIES

The Senate resumed the consideration of the bill (H. R. 4879) making appropriations for war agencies for the fiscal year ending June 30, 1945, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 10, line 5.

Mr. RUSSELL. What is the amendment, Mr. President?

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 10, line 5, after the word "out", it is proposed to strike out the word "the" and insert "any."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

Mr. RUSSELL. Mr. President, I do not intend to object to the amendment. However, I wish to point out to the Senate that these amendments, to my mind, are absolutely futile and of no effect. When I suggested in the Appropriations Committee that the action of the committee in approving this appropriation and, therefore, giving recognition to an agency which was the creature of an Executive order and which had proceeded to exercise powers which can be conferred only by legislative action, the committee sought to throw a cloak around any violation of constitutional procedure by making it appear that it

appropriated only for any functions lawfully vested in this agency by the Executive order. Of course, the words are absolutely meaningless. The Committee on Fair Employment Practice has already adopted a method of procedure, it has already enunciated lengthy rules and regulations, it has defined the limits of its own powers, it has assumed to cite employers and organizations and labor unions of employees before it, and it has abrogated existing contracts between employers and employees. It has assumed the right to impose sanctions upon employers by withholding from such employers Government contracts. The words proposed to be inserted are nothing more than a pious hope that the committee will abandon the policy it has already adopted, and which it has asserted it intends to continue to pursue. Instead of saying it is a pious hope, perhaps I should have said it is merely a pious fraud, and affords some protection to Members of Congress who intend to vote for this item while holding their noses. When the committee asserts all these powers over an employer, they will be able to say, "Well, I voted for an amendment to confine it to the law."

It is nothing more than a fraud, and will be readily recognized as such, because the Committee on Fair Employment Practice has already outlined its procedure and defined its rules and the extent of its powers. The amendment will not limit its functions in any way whatsoever.

THE PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 10, line 5, striking out the word "the" and inserting "any."

The amendment was agreed to.

THE PRESIDING OFFICER. The next amendment of the committee will be stated.

The next amendment was, on page 10, line 5, after the word "functions", to insert "lawfully."

THE PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

THE PRESIDING OFFICER. The next amendment of the committee will be stated.

The next amendment was, on page 10, line 8, to strike out the figures "\$10,000" and insert "\$8,000."

The amendment was agreed to.

MR. RUSSELL. Mr. President, I desire to call up the amendment which yesterday, at my request, was ordered to lie on the table and to be printed.

THE PRESIDING OFFICER. The amendment will be stated.

THE LEGISLATIVE CLERK. On page 10, it is proposed to strike out all the matter appearing on that page between lines 3 to 16, inclusive, under the heading "Committee on Fair Employment Practice."

MR. RUSSELL. Mr. President, in my opinion, the action of the Senate on this amendment will be as significant and as far reaching in its consequences as any vote which is likely to be taken in this body for a long time. I hope the amendment may be decided strictly on the

merits of the issue involved. I trust that all members of the Senate will examine this question without prejudice. I earnestly pray that we may reach a decision on the basis of proper constitutional procedure, rather than of political expediency.

Not a great deal of money is involved in this amendment; only \$500,000 is involved, and that is a small sum of money, as appropriations go today. But the question here involved goes to the very fundamentals of a republican form of government.

Today the American people are concerned—and they have reason for their concern—over the present trend toward a stronger centralized bureaucratic government in Washington. It has been necessary for us to delegate vast powers to the President of the United States in order to enable us to carry on the war. No one objects to the creation of agencies to implement those powers. It is expected that those powers will be recaptured by the people and by their representatives after the war has come to an end. But the question of the application of war powers is not involved in the pending amendment, as it is not involved in some other agencies which have been created by Executive proclamation.

The people have been critical of the Congress because of the assumption of powers by bureaucratic agencies which were not delegated to them. Members of Congress have stated time after time that the powers which the agencies have sought to exercise were not involved in legislation which Congress had enacted.

The method of administration of some of these powers has been irritating to the people. Many Members of Congress have complained against the tendency of the executive branch of the Government to encroach upon the constitutional powers of Congress. Fears have been expressed that the tripartite division of powers contemplated by the founding fathers with reference to the executive, the legislative, and the judicial branches of the Government was gradually being eliminated and that a large part of all powers affecting the rights, liberties, and means of livelihood of 135,000,000 people were gradually being centralized and concentrated in the executive. No person who is interested in maintaining the powers of the Congress could fail to be concerned with the authority which is being asserted by the boards, bureaus, and agencies which have been created by fiat or by proclamation. Many of those agencies were created without reference to the war effort, and were vested with broad powers without the approval of Congress ever having been given. The creation of some agencies has been necessary for the conduct of the war, but some of the powers which have been assumed by the war agencies were never contemplated by the Members of the Congress and were never enacted into law.

Mr. President, I am a Democrat. I am proud of the achievements of my party. Nevertheless I have never believed that the President of the United States was vested with one scintilla of authority to create by an Executive order an action

agency of Government without the approval of the Congress of the United States. I would hold that belief were the President a Republican or a Democrat, because the idea of an action agency being created by the proclamation of one man, an agency which can go into the business of the American people and affect them in their daily lives and in their homes—as I say, the idea of such an agency being created by one man, whatever his position may be, is to me entirely repugnant and inconsistent with the whole philosophy of a democracy, a republican or any other representative form of government.

Mr. President, to combat the tendency to create action agencies by Executive order is no new move on my part. For several years I have endeavored by amendments to appropriation bills to confine the powers of agencies created by Executive orders to the functions which have been delegated to the executive branch of the Government by the Congress. I have known of no other way in which to reach those children of the executive branch of the Government. I know no way in which to do it except by the exercise of the power of the purse. I sometimes believe that the power of the purse is about the only power which still remains in the Congress of the United States.

I have offered amendments to curtail the agencies which have been created by Executive order, and for which Congress has denied appropriations. Agencies have been created which the Congress never recognized, but for which Budget estimates were submitted. Congress refused to appropriate, and yet, by an allocation of funds from some other appropriation, those agencies were kept in existence. Three years ago I offered an amendment of the kind to which I have just referred. Senators are familiar with the amendment which I offered to the recent independent offices appropriation bill, an amendment which has been agreed to by both branches of the Congress. The amendment would require each of the executive agencies to come to Congress for an appropriation if its personnel were to receive any funds from the Public Treasury.

Mr. President, the amendment which we are asked to ratify by placing upon it our seal of approval, involves an agency which was created by an Executive order. The powers this agency asserts cannot be defined by a single Member of the Senate.

This appropriation for the Committee on Fair Employment Practice provides the acid test of the sincerity of the pledges and assurances which were given by the Members of this body of their intent to restore and recapture the powers of the Congress to legislate. We shall never have before us a cleaner and more clear-cut issue between a government of law and a government by men. I use the words "acid test" advisedly, because I am well aware of the forces which are supporting this creature of an Executive order, and demanding that the requested appropriation be approved.

I recognize that if political expediency is to dictate the action to be taken here, it will be very difficult to vote against the appropriation. It has the wholehearted support of the Congress of Industrial Organizations and its political action committee. In fact, my investigation of the committee has almost caused me to conclude that it is but an adjunct of the C. I. O. It has the support of other powerful minorities in this country of whom some people stand in fear because in some States those minorities are supposed to hold the balance of political power.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WHERRY. Mr. President, the Senator is about to leave the point which he has made concerning the creation of various Government agencies by Executive order rather than by law. I should like to ask him if he is basing his objection to the agencies on the ground that no substantive law has been established to create those agencies. Is that his point?

Mr. RUSSELL. That is my substantial objection.

Mr. WHERRY. Am I to understand that if Congress approves the appropriation requested in this bill the Senator will feel that such action on the part of the Senate will be a sanction and approval of the agency under discussion, whether established by substantive law or not?

Mr. RUSSELL. During the course of my remarks I shall undertake to show the nature of the agency which we are asked to approve, and explain some of the rights and powers which it has asserted. I shall also try to explain some of the fields in which the agency has been operating. The approval of this appropriation will be an endorsement of all acts of this so-called F. E. P. C.

Mr. WHERRY. I thank the Senator. I shall wait until the Senator does so, but in the meantime I wished to bring to his attention the point I raised concerning his attitude, toward the creation of agencies by Executive order.

Mr. RUSSELL. During the course of my remarks I shall refer to the creation of an action agency of the Government by Executive order. The issue is one about which I have consistently implored Congress to assert its power by discontinuing the practice of creating action agencies by Executive order by denying appropriations for their support.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. MURDOCK. Does the Senator take the position that the Committee on Fair Employment Practice is acting without any legal sanction, and that its actions are in violation of law?

Mr. RUSSELL. I most assuredly take that position, and stand squarely upon it.

Mr. MURDOCK. In other words, that the Congress has never authorized the President by any law it has passed to create such an agency. Is that the Senator's position?

Mr. RUSSELL. I should like to have the Senator cite me to any statute authorizing the creation of this agency.

Mr. MURDOCK. I am merely asking for information, and this question occurs to me: If the Senator's position is correct that there is no law under which this Committee could be appointed, what has happened at the General Accounting Office? Why is it that money which is being paid for the operations of the Committee is not held up by the General Accounting Office?

Mr. RUSSELL. If the Senator will permit me to proceed, I shall show to the Senate that the Comptroller General of the United States, an agency and an official who is supposed to represent the Congress of the United States to see that all expenditures made are lawful, has ruled that this agency does not have the powers it claims, but his ruling was overridden by a letter written by the President of the United States.

Mr. MURDOCK. Will the Senator yield for one more question?

Mr. RUSSELL. Yes; I yield to the Senator from Utah.

Mr. MURDOCK. I do not want the Senator to get the idea that I am at all critical of his position; I am asking for my information exclusively; but the question occurred to me that if there is no lawful authority for this committee certainly the Congress should be protected through the instrumentality it has created, which is the General Accounting Office. I hope the Senator will touch on that.

Mr. RUSSELL. I shall be happy to read the ruling of the Comptroller General that the President's order creating this board was only directive and not mandatory, whereupon the President of the United States addressed a letter to the Attorney General which, while it was couched in very polite language, said, in effect, that the Comptroller General did not know what he was talking about, had no rights in the matter, that the President's order to the Government departments was mandatory, and the ruling of the Comptroller General should be overruled. I shall reach that subsequently in my remarks.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. MAYBANK. The Senator says, as I understand, that he expects to reach in a few moments during the course of his remarks the question of the ruling of the Comptroller General. I should like to ask the Senator if he also intends to touch upon the violation of law, not only by the payment of salaries but the violation by those on the committee themselves, as they admitted in their testimony, in the case of a Dallas, Tex., newspaper, when they cited an individual in Dallas and then admitted that they did not have the right to do it. Am I correct about that?

Mr. RUSSELL. This agency has operated in a very nebulous field and has assumed that it had any necessary powers in each individual case. The agency assumed that it could tell a newspaper,

though it had no statutory standing in law but was a creature of the Executive to cease advertising of a certain kind. The case arose out of an advertisement for a colored man in the folding room of the Dallas News. Then, this agency, through its regional officer, issued a citation forbidding the Dallas News from stating in advertisements whether a person who was desired for employment was white or colored. The newspaper of course defied them. An issue was made in that case by the Dallas News, and other great newspapers of the country, apprehensive lest the freedom of the press would be abridged by this creature of Executive order, rallied to the support of the Dallas News. The F. E. P. C., which is very fluid in its operations, pressing when it feels it can win and retreating when it feels it will lose, closed the matter by saying that the regional director had exceeded his authority in citing the newspaper.

Mr. MAYBANK. Mr. President—

Mr. RUSSELL. I hope the Senator will permit me to proceed for a few minutes.

Mr. MAYBANK. Very well, I shall not interrupt the Senator.

Mr. RUSSELL. Mr. President, I have said this agency has political appeal, but, divested of that political appeal and considered naked and on its merits by the Congress, it is a perfect example of government by men in absolute derogation of law and without the slightest sanction of law. The very name, the Committee on Fair Employment Practice, does not appear in any act of Congress, and I defy any Senator to show an act, other than that which the Senate is now asked to approve, that even mentions the Committee on Fair Employment Practice. The almost unlimited powers which this agency has assumed have never been defined by the Congress. Its rules and regulations and its methods of procedure do not even pretend to be based upon any legislation enacted by the Congress. It claims the authority to render decisions and the right to enforce sanctions against legitimate business in this country, by canceling Government contracts, without even permitting the person who is cited before them the right of appeal. The Committee calls an individual in and tells him what he must do, what persons in his employ he must promote, and if he does not comply, then the agency cancels his Government contract, and there is no recourse whatever for the industry or the business that has been thus cited before the F. E. P. C. The Committee operates under rules and regulations of its own making and in many cases enforces its findings by sheer intimidation on the people with whom it deals. It conforms to no legislative standards whatever. It has even asserted the right and the power to amend, to modify, and even to repeal solemn acts of the Congress which have been upon the statute books for many years.

This Committee has been functioning since 1941. For its authority to enunciate all the broad rules and regulations

it issues, to cite thousands of people before it, to prescribe how plants shall be operated, to say who shall be promoted, and whom a businessman shall employ, it depends upon Executive Order No. 9346, issued May 27, 1943, which was an amendment to Executive Order No. 8802, issued June 25, 1941.

Mr. PEVERCOMB. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. REVERCOMB. The Senator has made a very grave charge in that this Committee has violated and transgressed the laws enacted by Congress. Does the Senator intend to be specific on that point?

Mr. RUSSELL. Yes; if the Senator will permit me to proceed, I shall give at least two examples which, if I understand the English language, show that the effect of orders or regulations of this Committee will be to repeal an act of Congress. I shall be glad to reach that in a moment.

Now, Mr. President, I want the Senate to hear read a part of the Executive order. We are asked to legislate in this kind of fashion and approve all that has been done in the past and all that may be done in the future by this Committee, and I venture to say not a half dozen Members of the Senate have read the Executive order which the Committee claims as the source of its authority. The order has the whereases, and whereases, of course, are something with which no person could quarrel. In brief, the whereases say that it is necessary to see that the manpower in the United States is utilized, and that there should be no discrimination in employment on account of race, creed, or ancestry of the person who is seeking employment. No one could complain of that. I have never yet seen any resolution so drafted that an argument could be provoked about the whereases. A Senator could introduce a resolution and say whereas "It is highly desirable to the future welfare of the American people that poverty be abolished," and no man would controvert that statement; but if the resolution proceeded in its resolving clause to say that all the wealth of the country should be equally divided among all the inhabitants of the United States, it would be a different question. Whereases, of course, are phrased so that no person could take exception to them, and so they will meet with almost unanimous approval. But getting away from the whereases and coming down to the body of the Executive order, I will read from it:

Now, therefore, by virtue of the authority vested in me by the Constitution and statutes, and as President of the United States and Commander in Chief of the Army and Navy, I do hereby reaffirm the policy of the United States that there shall be no discrimination in the employment of any person in war industries or in government by reason of race, creed, color, or national origin, and I do hereby declare that it is the duty of all employers, including the several Federal departments and agencies, and all labor organizations, in furtherance of this policy and of this order, to eliminate discrimination in regard to hire, tenure, terms or conditions of employment, or union membership because of race, creed, color, or national origin.

Mr. President, I wish to discuss that language for a moment. This refers to a national policy, and therefore assumes the President has the right to enforce such national policy. Being merely an old-fashioned believer in democratic government, I believe that the enforcement of a national policy of this nature requires the action of the Congress of the United States in some way, shape, form, or fashion.

This refers to the Constitution and statutes as the source of the authority. I challenge any Member of the Senate to rise on this floor and cite a single statute or provision of the Constitution which gives the President the right to enforce any such national policy through such a Committee as this.

It then refers to his general powers as President of the United States and Commander in Chief of the Army and Navy. So if there is any power at all, it is what was recently called, I believe, the aggregate of powers, a nebulous, illusive thing, on which no man can put his hand, and which no man can read because it has never been written or enacted by the Congress of the United States and cannot be found in the Constitution. Enforcement of this policy is based upon powers which no man can find in written law which has been granted by the Congress through the constitutional processes.

What, then, is to be the procedure, what, then, is to be the power of this creature which the President establishes in this order?

They follow:

It is hereby ordered as follows:

1. All contracting agencies of the Government of the United States shall include in all contracts hereafter negotiated or renegotiated by them a provision obligating the contractor not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin and requiring him to include a similar provision in all subcontracts.

2. All departments and agencies of the Government of the United States concerned with vocational and training programs for war production shall take all measures appropriate to assure that such programs are administered without discrimination because of race, creed, color, or national origin.

3. There is hereby established—

Senators, this is not an act of Congress I am reading, this is an Executive order:

There is hereby established in the Office for Emergency Management of the Executive Office of the President, a Committee on Fair Employment Practice, hereinafter referred to as the Committee, which shall consist of a chairman and not more than six other members to be appointed by the President. The chairman shall receive such salary as shall be fixed by the President—

This is not a statute, I again remind Senators; this is an Executive order—

the Chairman shall receive such salary as shall be fixed by the President, not exceeding \$10,000 per year. The other members of the Committee shall receive their traveling expenses and, unless their compensation is otherwise prescribed by the President, a per diem allowance not exceeding \$25 per day and subsistence expenses on such days as they are actually engaged in the performance of duties pursuant to this order.

4. The Committee shall formulate policies to achieve the purposes of this order and shall

make recommendations to the various Federal departments and agencies and to the President which it deems necessary and proper to make effective the provisions of this order. The Committee shall also recommend to the Chairman of the War Manpower Commission appropriate measures for bringing about the full utilization and training of manpower in and for war production without discrimination because of race, creed, color, or national origin.

5. The Committee shall receive and investigate complaints of discrimination forbidden by this order.

Shall receive and investigate complaints of discrimination forbidden by this order.

It may conduct hearings, make findings of fact, and take appropriate steps to obtain elimination of such discrimination.

I ask Senators, in all sincerity, if there could be a more general statement of far-reaching powers in any form of democracy than that. It creates a quasi court. The Constitution says that all inferior courts shall be created by the Congress, but this creates a quasi court, with general power to tell any employer in this country whom he shall or shall not employ, and what employee he shall or shall not promote, as well as to attempt to invade an employer's plant and prescribe any rule or regulation the members may think necessary to stop anything that they choose to call discrimination within the plant. Before I conclude, I shall give some illustrations along that line.

I have read how the court is established, and that the members shall take any appropriate step they see fit to enforce their rulings. No provision is made for appeal by any employer, or by any labor union which may be brought before them.

Upon the appointment of the Committee and the designation of its Chairman, the Fair Employment Practice Committee established by Executive Order No. 8802 * * * hereinafter referred to as the old Committee, shall cease to exist.

I do not know exactly why the old Committee was abolished and a new one created. Perhaps the old Committee was not diligent enough in pursuing the directives in the Executive order.

The Committee shall assume jurisdiction over all complaints and matters pending before the old Committee and shall conduct such investigations and hearings as may be necessary in the performance of its duties under this order.

No more general statement has ever appeared anywhere by any legislative body which sought to create an agency with the power to cite people before it and enforce sanctions against them. It is set forth in such general terms, which would not stand before any court in this land. The trouble about this is that it is not possible to get it to the courts. I continue the reading:

Within the limits of the funds which may be made available—

That provision permits the Chairman to employ the personnel, and fix the compensation of the personnel. I shall not read it all.

I want Senators to note this language in this act or law. The members of the

committee refer to it as the law. I say it has absolutely no standing in our form of government, particularly a constitutional democracy, such as ours, because it is merely the product of the pen of the President of the United States, who has no power to legislate.

The Committee may utilize the services and facilities of other Federal departments and agencies and such voluntary and uncompensated services as may from time to time be needed.

I ask Senators to listen to that. Any social worker, or any other person who desires to work for this agency on an uncompensated basis, may have his services accepted, and he may then proceed to go into plants, or to harass employers to enforce his own ideas as to what might be a discrimination in employment. A man never sworn as an employee of the Government of the United States, a purely voluntary, uncompensated employee, is recognized here as an official of the Government, to go out and put in motion proceedings which may mean life or death to some business concern in this country.

The Committee may accept the services of State and local authorities and officials, and may perform the functions and duties and exercise the powers conferred upon it by this order through such officials and agencies and in such manner as it may determine.

Can Senators imagine a wider grant of power than that, or a wider assumption of power? The order allows the Committee to determine its procedure and to determine the method of enforcement. That power is vested in an agency that is presided over by a man whose name has never even been before the Senate for confirmation, and the Senate has never had an opportunity on earth to investigate this matter. Most of our knowledge of the Committee is gained from a few letters we have received from those groups which are supporting this agency and demanding that Congress make appropriations for its support.

This is the final grant of power, and it is even more sweeping and far reaching than the others which I have read heretofore:

The Committee shall have the power to promulgate such rules and regulations as may be appropriate or necessary to carry out the provisions of this order.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. RUSSELL. Yes.

Mr. WHERRY. Ofttimes the power to sign Executive orders is delegated to someone. I ask the Senator, who signed this Executive order?

Mr. RUSSELL. This Executive order was signed by the President of the United States, as I said at the outset of my remarks. This, Mr. President, is the finest illustration of the creation by the Chief Executive of action agencies without the consent of Congress, that could be brought before us. Although it has political appeal, when brought into the light, and put to the test of constitutional right, and as being consonant with the tripartite powers of government in the United States, it has not a leg to stand on

or even a finger with which to catch hold of anything.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield to the Senator from South Carolina.

Mr. MAYBANK. There is one matter to which I should like to call the Senate's attention in connection with the order which the distinguished Senator from Georgia has read, and that is that the agency itself originates complaints. The agency is a court and it is also the originator of complaints. I wish to be perfectly fair with the Committee and say that it has limited the originating of complaints to advertising. It has admittedly originated 163 complaints involving discriminatory advertisements.

Mr. WHERRY. Is that to be found in the record of the hearings?

Mr. MAYBANK. It is.

Mr. WHERRY. On what page?

Mr. MAYBANK. On page 168 of the hearings before the subcommittee of the Committee on Appropriations of the Senate. The witness stated before the Committee:

The total number of cases involving discriminatory advertisements, including those cases which the present Committee inherited from its predecessor, is 163 cases; that is, 163 initiated on the motion of a regional director.

In other words, the regional director can initiate a complaint. The complaints, however, have been limited to discriminatory advertisements.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. CHAVEZ. As I understand the statement of the Senator from Georgia, it would indicate that any authority which the agency possesses comes from the Executive order.

Mr. RUSSELL. Yes. If the President has the power to create action bureaus or agencies, this agency has the power they assert. I do not believe he is authorized to create such agencies.

Mr. CHAVEZ. In other words, they have no authority whatever except as it results from the legality of the Executive order?

Mr. RUSSELL. I would not go that far, because the Executive has certain other powers which have been delegated to him by the Congress, and by asserting those powers, he can enforce the edicts of this Committee.

Mr. CHAVEZ. Does the Senator from Georgia know of any particular decision made by this committee which has been appealed to the courts for adjudication?

Mr. RUSSELL. I do not know how on earth a person would go to the courts to appeal from any agency which has no recognition or standing in law.

Mr. CHAVEZ. If the Committee has no standing in law, then appeal should be taken to the courts. Does the Senator know of any particular decision by the Committee which has been appealed to the courts?

Mr. RUSSELL. No. How on earth would one appeal from drifting smoke? This thing is not tangible. There is no way that you can lay your hands on it. The greatest lawyer that ever lived would

have no method of appeal from an agency of this kind when they say, "We are going to have another agency cancel your contract," or "We will not permit the War Department to make a contract with you unless you give the committee power over your employment policies." How could an appeal be taken? A mandamus cannot be brought against the War Department to make the Department award a contract.

Mr. CHAVEZ. Of course, that cannot be done, but if the Committee is acting in an illegal manner, if it is rendering decisions which are not in accordance with the law, then it has no standing whatsoever. But as I understand, no one up to the minute has appealed any of its decisions from a legal standpoint.

Mr. RUSSELL. Of course, there is no way on earth for anyone to appeal from any of its decisions. The only appeal that can be taken is to the integrity and dignity of the Congress of the United States. There is no way for an appeal from a decision by the Committee to come into court.

Mr. CHAVEZ. The function of Congress is to pass laws, but the interpretation of the laws, or decision with respect to the legality of an Executive order, belongs to the courts, and not to the Congress.

Mr. RUSSELL. Yes, but if the Senator can inform me of any method of getting this question in the courts I shall be very happy to have him do so.

Mr. MAYBANK. In the case of the Dallas News there was an exception.

Mr. RUSSELL. The Dallas News had no contract with the Government, and they told the Fair Employment Practice Committee, "You have no standing in law, because there is no power in the Chief Executive to create an agency of your nature." In that case the Committee was forced to retreat. There are other cases, however, where they have demanded that certain practices be adopted within American business enterprises on the threat that contracts which had been awarded a company by other departments of Government would be terminated if it did not comply with the orders of this agency. The firm or person whose contract may be suspended by a Government agency has no recourse to the courts.

Mr. CHAVEZ. I agree with the Senator from Georgia that there should be legality with respect to agencies of this nature. Whether the functions of the Committee are outlined in the directive, or whether provided for in an act of Congress, they should be provided for legally. The complaint I make is that no one has appealed to the courts about any particular thing this Committee may have done, and I want to have the correct procedure followed.

Mr. RUSSELL. I do not know of any way that complaint could be made to the courts. There have been two or three cases of individuals or companies having absolutely refused to carry out the orders of this Committee, and they have been cited to the President. The President, despite the fact that he has asserted that the orders were mandatory,

has referred the cases to a second committee. There is no way that I can see to get the matter into the courts. The injured citizen is without redress.

Mr. EASTLAND. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield to the Senator from Mississippi.

Mr. EASTLAND. The Senator stated that some of the decisions of the Committee are referred to the President, as was the railroad case. When that is done, is it the Senator's idea that the President is authorized to take over a plant for noncompliance with the order of the Committee?

Mr. RUSSELL. I was going to deal with that question in order, but I will do so now. I intended to refer to it later on in my remarks. After the Congress puts its stamp of approval on this agency there is no question in my mind that if an employer fails to comply with its orders, the Fair Employment Practice Committee intends to assert the position that the President has the power under his war powers contained in the Selective Service Act to take over the employer's business.

Mr. EASTLAND. Does the Senator know that the United States District Court for the District of Columbia in a decision in the month of April held that findings of fact by war agencies created under Executive orders of the President are not reviewable in court?

Mr. RUSSELL. I am not familiar with that decision.

Mr. CHAVEZ. Mr. President, will the Senator yield to me?

Mr. RUSSELL. Yes.

Mr. CHAVEZ. If that statement be correct, then that is the law of the land.

Mr. EASTLAND. It is utterly not the law of the land. It is the law of dictatorship. Agencies have been set up under the President's war powers. Decisions by such agencies have been referred to the President. The President, under his war powers, has sent soldiers to certain plants and taken them over. The court now holds that under such conditions the orders are not reviewable. But there is utterly no question that in the present case there existed no legal authority for setting up this agency. Congress passed the Smith-Connally Act. Under its provisions factories were taken over by the President. Congress recognized that that was legal, and specifically granted that authority under the Smith-Connally Act; but no such authority exists in this instance.

Mr. CHAVEZ and Mr. MURDOCK rose.

The PRESIDING OFFICER. Does the Senator from Georgia yield, and, if so, to whom?

Mr. RUSSELL. I yield first to the Senator from New Mexico, who was engaged in discussion with the Senator from Mississippi [Mr. EASTLAND]. Then I shall yield to the Senator from Utah. Following that, I ask Senators to allow me to complete my remarks.

Mr. CHAVEZ. Mr. President, I am not discussing the merits of the policy. However, I do say that if a court decides

that it can do nothing about it, its decision is controlling, unless it is overturned.

Mr. RUSSELL. I now yield to the Senator from Utah.

Mr. MURDOCK. If I correctly understand the able Senator from Georgia, he takes the position that the agency of which he is speaking has no basis in law whatever. Am I correct in that understanding?

Mr. RUSSELL. That is correct.

Mr. MURDOCK. Then the Senator takes the position that because of that fact, if the legal rights of a citizen are violated by what he calls an unlawful agency, there is no redress or remedy by way of court action on the part of a citizen. Is that the Senator's position?

Mr. RUSSELL. That is my position. The aggrieved party cannot sue the Government. He will have his contract canceled or he can submit to the wishes of the F. E. P. C.

Mr. MURDOCK. As I understood the Senator, that was his position.

Mr. RUSSELL. This agency does not itself impose its sanctions. Under the powers delegated to it by the Executive order, it appeals to the action agencies, and they enforce its sanctions. The hearings will show that when representatives of the Committee were asked how they enforced their orders, with no standing in law and no power, they replied, "If a plant which has a contract with the War Department does not conform, we report that fact to the War Department, just as the President's proclamation instructs us to do; and when the War Department talks things over with the operators of the plant, it is usually able to compel them to conform."

That was the testimony. In answer to a question, they asserted in the hearings the right to impose the sanction of cancellation of contract by the War Department. I should like to know just what redress a citizen would have in seeking a contract if he refuses to incorporate in the contract any clause prescribed by this agency. If he refuses to incorporate in the contract the requirement submitting him to the jurisdiction of this Committee, he is not awarded the contract, and I should like to know just what recourse he would have in a court of law.

The question was raised as to where the Comptroller General had been. The Comptroller General is supposed to be the official of the Government who sees that no funds are expended without authority of law. He is supposed to be the official of government who says when the acts of Congress have been transgressed or violated by any department of government. In times past he has been considered the strong right arm of the Congress to see that the legislation enacted by the Congress was followed.

This question was submitted to the Comptroller General. What did he rule? I do not like to read all these long documents, but the Comptroller General ruled that the President's proclamation was directive and not mandatory. A case arose in Kansas City, Mo. There are many Federal agencies with offices in Kansas

City, Mo. The regional office submitted to the telephone company a contract which contained all the clauses which have been recommended by this F. E. P. Committee. The company involved was the Southwestern Bell Telephone Co., of Kansas City, Mo. These contracts cover telephone service to be furnished to national agencies through the central administrative service switchboard at Kansas City, Mo., and telephone pay stations installed in leased buildings, from which the Government receives 20 percent of the collections made on calls. Due to the inclusion of the antidiscrimination clause required by Executive Order 9346—that is, the Executive order which undertook to set up this action agency—the telephone company refused to execute the necessary agreements.

The same situation has arisen with respect to various leases in which this clause has been incorporated. Those owning real estate, such as office buildings, and leasing it to Government agencies, are now required to subject themselves to the policing and authority of the Fair Employment Practice Committee before the Government will execute a lease. Certain contractors refused to incorporate such provisions in their contracts. The telephone company refused to sign such a contract.

These are the cogent parts of the Comptroller General's ruling:

Admittedly, the matter of the inclusion in Government contracts of antidiscrimination clauses has not been the subject of specific statutory enactment.

The Comptroller General, appointed by the President, when this matter was submitted to him, said that admittedly this has never been a matter on which the Congress has taken action.

Hence, past decisions of the accounting officers with reference to contract provisions or stipulations expressly required by acts of Congress are—at most—only indirectly applicable to the instant case.

The question was raised as to where the Comptroller General had been. Here he is. This is his ruling. He is supposed to see to it, as an officer of the Government, that nothing is done contrary to acts of Congress. He says that admittedly the requirement that these clauses be included, subjecting contractors to the authority of this Committee, has never been the subject of statutory enactment.

But the Comptroller General went further. He said:

However, for present purposes, it will be assumed that the involved portion of Executive Order No. 9346 should be given the same effect as a statute enacted in like terms, under like conditions, and for a like purpose.

I continue to read briefly from the ruling. When I shall have concluded, I shall ask that the entire opinion be printed in the RECORD.

Hence, there is for consideration the question of whether the section of the Executive order here involved is mandatory, in the sense that failure to comply therewith vitiates the action taken, or whether it is directory only, leaving some discretion in the various contracting agencies of the Government to mitigate literal application of the order in particular cases.

I skip two or three paragraphs which are not especially pertinent, and read the last paragraph. This is the significant paragraph in the opinion. In it is embraced the ruling by the Comptroller General:

Accordingly, it is concluded that the paragraph of Executive Order No. 9346, involving the inclusion in Government contracts of a provision obligating the contractor not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and requiring him to include a like provision in subcontracts was intended only as a directive to the contracting agencies of the Government, so that failure to include such a provision will not render void an otherwise proper contract or render objectionable otherwise proper payments thereunder.

The opinion is signed by Lindsay C. Warren, Comptroller General of the United States.

Mr. President, I ask that the letter be printed in full in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL OF
THE UNITED STATES,
Washington, October 7, 1943.

LIAISON OFFICER,

Office for Emergency Management.

MY DEAR MR. BYRNES: I have a letter of September 11, 1943, from the Director, Division of Central Administrative Services, reference FI-21, requesting decision whether contracts and leases which do not contain an antidiscrimination clause of the nature prescribed by Executive Order No. 9346, dated May 27, 1943, may be entered into and payments made thereunder in cases where the contractor refuses to execute a contract or lease containing such a clause and similar services or suitable office space cannot be secured from other sources.

Executive Order 9346, supra, provides, in pertinent part, as follows:

"In order to establish a new Committee on Fair Employment Practice to promote the fullest utilization of all available manpower and to eliminate discriminatory employment practices, Executive Order No. 8802 of June 25, 1941, as amended by Executive Order No. 8823 of July 18, 1941, is hereby further amended to read as follows:

"Whereas the successful prosecution of the war demands the maximum employment of all available workers regardless of race, creed, color, or national origin; and

"Whereas it is the policy of the United States to encourage full participation in the war effort by all persons in the United States regardless of race, creed, color, or national origin, in the firm belief that the democratic way of life within the Nation can be defended successfully only with the help and support of all groups within its borders; and

"Whereas there is evidence that available and needed workers have been barred from employment in industries engaged in war production solely by reason of their race, creed, color, or national origin, to the detriment of the prosecution of the war, the workers' morale, and national unity:

"Now, therefore, by virtue of the authority vested in me by the Constitution and statutes, and as President of the United States and Commander in Chief of the Army and Navy, I do hereby reaffirm the policy of the United States that there shall be no discrimination in the employment of any person in war industries or in Government by reason of race, creed, color, or national origin, and I do hereby declare that it is the duty of all employers, including the several Federal de-

partments and agencies, and all labor organizations, in furtherance of this policy and of this order, to eliminate discrimination in regard to hire, tenure, terms or conditions of employment, or union membership because of race, creed, color, or national origin.

"It is hereby ordered as follows:

"1. All contracting agencies of the Government of the United States shall include in all contracts hereafter negotiated or renegotiated by them a provision obligating the contractor not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin and requiring him to include a similar provision in all subcontracts."

The difficulties upon which the request for decision is based are described in the submission, as follows:

"In compliance with the foregoing, this office has issued instructions requiring the incorporation of the following clause in all future contracts:

"ANTIDISCRIMINATION"

"A The contractor, in performing the work required by this contract, shall not discriminate against any worker because of race, creed, color, or national origin.

"B The contractor agrees that the provision of paragraph (A) above will also be inserted in all of its subcontracts. For the purpose of this article, a subcontract is defined as any contract entered into by the contractor with any individual, partnership, association, corporation, estate, or trust, or other business enterprise or other legal entity, for a specific part of the work to be performed in connection with the supplies or services furnished under this contract; *Provided, however*, That a contract for the furnishing of standard or commercial articles or raw material shall not be considered as a subcontract."

"Pursuant to these instructions, the antidiscrimination clause was incorporated in proposed contracts with the Southwestern Bell Telephone Co., Kansas City, Mo. These contracts cover telephone service to be furnished the national war agencies through the central administrative service switchboard at Kansas City, Mo., and pay telephone booths installed in a leased building from which the Government was to receive 20 percent of the collections made on calls.

"Due to the inclusion of the antidiscrimination clause required by Executive Order No. 9346, the telephone company has refused to execute the necessary agreements. The same situation has arisen with respect to various leases in which this clause has been incorporated.

"Since telephone service in Kansas City, Mo. can be obtained only through the Southwestern Bell Telephone Co. and available office space in certain sections of the country is at a minimum, the refusal of contractors to accept contracts containing the antidiscrimination clause has caused considerable administrative difficulties."

Admittedly, the matter of the inclusion in Government contracts of antidiscrimination clauses has not been the subject of specific statutory enactment. Hence, past decisions of the accounting officers with reference to contract provisions of stipulations expressly required by act of Congress are—at most—only indirectly applicable to the instant case. (See 16 Comp. Gen., 583, re Walsh-Healey Act of June 30, 1936, 49 Stat. 2036; 17 id. 937, 18 id. 646, and 20 id. 890, re 8-hour law of June 19, 1912, 37 Stat. 137; 15 id. 577, re Bituminous Coal Conservation Act of 1935, 49 Stat. 991; 4 id. 208, and 5 id. 376, re Heard Act of August 13, 1894, as amended, 33 Stat. 811; 12 id. 122, re statutory prohibitions against purchase of foreign products; 19 id. 516, re congressional interest stipulations; and 17 id. 37, re National Labor Relations Act, 49 Stat. 449.) However, for present pur-

poses, it will be assumed that the involved portion of Executive Order No. 9346 should be given the same effect as a statute enacted in like terms, under like conditions, and for a like purpose.

The portion of the order relating to the inclusion of such provisions in Government contracts is addressed primarily to the contracting agencies of the Government rather than to contractors. But such fact would not be material if it be concluded that the order is of a mandatory nature; for, in that event, it would be beyond the authority of a Government officer to execute a contract or lease not containing such provisions. Nor would there be authority in this office in the audit of contract payments to make exception to the order upon the facts and circumstances of particular cases. See, in this connection, 20 Comp. Gen. 890.

Hence, there is for consideration the question whether the section of the Executive order here involved is mandatory, in the sense that failure to comply therewith vitiates the action taken, or whether it is directory only, leaving some discretion in the various contracting agencies of the Government to mitigate literal application of the order in particular cases. See *Vaughan v. John C. Winston Co.* (83 F. 2d 370); *Ballou v. Kemp* (92 F. 2d 556); *In re Hodges* (4 F. Supp. 804). When used in statutes, the word "shall" ordinarily is construed in the imperative or mandatory sense; but courts refuse to adopt that meaning when to do so would do violence to the objects and purposes of the statute as a whole. See *Words and Phrases*, Permanent Edition, Volume 39, page 91 et seq.

The specific purposes sought to be accomplished by Executive Order No. 9346 are clearly stated in its text; namely, to promote the fullest utilization of all available manpower and to eliminate discriminatory employment practices. These aims, it is stated, are based upon the firm belief of the President "that the democratic way of life within the Nation can be defended successfully only with the help and support of all groups within its borders." Obviously, the prime objective is the successful and unimpeded prosecution of the war. And it is in that light that the nature of the section addressed to the contracting agencies of the Government must be regarded; that is, whether intended as a mandate or as a directive.

It is to be assumed that the instances will be few in which contractors will refuse to execute contracts with the Government solely by reason of the inclusion of an anti-discrimination provision. But, in such instances, no useful purpose could possibly be served by a requirement that the Government agency involved could not consummate a contract with such individuals or firms without the provisions in question, especially if the desired service could not be procured from any other source. It seems that the most that can be accomplished by Government contracting agencies in carrying out the national policy of nondiscrimination in the employment of workers as declared by the President is to secure the assent of contractors to such provisions wherever and whenever possible. Otherwise, the net effect of the requirement would be to obstruct the activities of the several agencies of the Government with no apparent compensating benefit.

Accordingly, it is concluded that the paragraph of Executive Order No. 9346 involving the inclusion in Government contracts of a provision obligating the contractor not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and requiring him to include a like provision in subcontracts, was intended only as a directive to the contracting agencies of the Government, so that failure to include such a provision will not render

void an otherwise proper contract or render objectionable otherwise proper payments thereunder.

Respectfully,

LINDSAY C. WARREN,
Comptroller General of the United States.

Mr. RUSSELL. So, Mr. President, the Comptroller General in endeavoring to see that the powers of Congress were protected had ruled that the Executive order was merely directive, and was not mandatory. What happened? The President of the United States, when he heard of that ruling by the Comptroller General, wrote a letter to the Attorney General. I shall read from the letter, which is under date of November 5, 1943:

NOVEMBER 5, 1943.

MY DEAR MR. ATTORNEY GENERAL: You have brought to my attention the Comptroller General's opinion holding that Executive Order 9346 is directive only and not mandatory in requiring insertion in all Government contracts of a provision obligating the contractor not to discriminate against any employee or applicant for employment on account of race, creed, color, or national origin; and requiring the contractor to include similar contractual provisions in all subcontracts.

There is no need for me to reiterate the fundamental principles underlying the promulgation of the Executive order, namely, that the prosecution of the war demands that we utilize fully all available manpower and that the discrimination by war industries against persons for any of the reasons named in the order is detrimental to the prosecution of the war and is opposed to our national democratic purposes.

I realize the hesitancy of the Comptroller General to withhold payment on Government contracts in which these provisions have not been included where there is doubt as to whether the order is mandatory.

Mr. President, the Comptroller General did not say he had any doubt. His is an office established by Congress to pass on these matters. He has not expressed any doubt; he had ruled specifically that the President's order could not be mandatory in these cases.

I read further from the President's letter:

I therefore wish to make it perfectly clear that these provisions are mandatory and should be incorporated in all Government contracts. The order should be so construed by all Government contracting agencies.

The letter is signed by the President of the United States, and thereby overrules the Comptroller General, who is authorized by law to decide such questions. The letter orders all Government agencies to put into these contracts provisions which would subject employers, businessmen, and manufacturers to the whims or fancies of the Fair Employment Practice Committee, which has absolutely no legislative sanction.

Mr. WHITE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. STEWART in the chair). Does the Senator from Georgia yield to the Senator from Maine?

Mr. RUSSELL. I yield.

Mr. WHITE. I have been out of the Chamber, in response to a long-distance telephone call. Consequently, I have missed a part of what the Senator from

Georgia has said. But I recall that when he was reading the record it appeared that the powers claimed were said to be based upon the Constitution and upon certain statutes, many of the provisions of which, I think, relate to the powers of the Commander in Chief in time of war. What I wish to ask is whether at any time anyone seeking to justify the orders and the actions of the Committee has specified a constitutional provision or any particular statute upon which reliance is placed.

Mr. RUSSELL. Mr. President, I will answer the Senator from Maine by saying that, so far as I am advised, no person has ever undertaken to assert that any provision of the Constitution or any statutory enactment of the Congress vests any power of this nature in the President or in this Committee. Certainly he had no power, unless it was under the so-called aggregate or cumulative powers to which the Attorney General referred, to thus empower this agency.

Mr. President, if this action overruling the opinion of the Comptroller General, and ordering that all agencies of Government insert in their contracts clauses which would give this Committee jurisdiction over their employment policies, if the assumption of these powers by this Committee over employers, labor unions, railroads, and newspapers, is not legislation by an executive agency, in derogation of the powers of the Congress, then the Congress does not have any power.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. MAYBANK. Has the Senator mentioned the railroads which have been cited?

Mr. RUSSELL. I intend to touch upon them before I conclude my remarks.

Mr. MAYBANK. That case not only involves an extension of powers, but, it seems to me, is an indication of sectional persecution.

Mr. RUSSELL. I intend to discuss that matter before I conclude.

Mr. President, under this preemption of legislative power this agency has asserted a great many functions and a great many powers. It has constituted itself as a quasi court. It issues processes to bring persons before it for trial. It has assumed the right to dictate and to control the policies of manufacturing concerns, newspapers, railroads, labor unions, and individual citizens. It has asserted the right to determine when individual employees of those concerns should be promoted, reclassified, or employed in the initial instance. It tells the manufacturers, the newspapers, the labor unions, and the railroads who are before it, either on the basis of a complaint it has received from an individual or, as stated by the Senator from South Carolina, on the motion of any of their employees, what they must do.

Mr. President, before Senators put their stamp of approval on this agency, before they ratify and approve all that has been done in its name, it might be well to look at some of the regulations of

the agency and to see what is their effect.

A few minutes ago, the Senator from West Virginia [Mr. REVERCOMB] expressed doubt that this agency had undertaken to repeal or modify any of the acts of Congress. I respectfully invite his attention to a reading of some of the committee's rulings.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. REVERCOMB. I say to the Senator that I did not express doubt, but I called on the Senator to be specific; or, rather, I inquired whether he would be specific.

Mr. RUSSELL. Yes. Now I will be.

Mr. WHERRY. Mr. President, will the Senator state the page from which he is about to read?

Mr. RUSSELL. I am about to read from part 2 of the House hearings, at page 549.

The Committee asserted its interpretation of the Executive order. It asserted as a basis of legality that in the order creating it, it was given the power to make its own rules and regulations. It has undertaken to make its own rules and regulations for the enforcement of the Executive order.

Here is its definition of its power and its interpretation of the Executive order:

1. The words "all contracts hereafter negotiated or renegotiated" include all contracts made, amended, or modified.

It does not say so specifically, but if it has that power, it has the right to force a business or industry under other laws which we have passed for the purpose of renegotiation of contracts, to come in and renegotiate contracts so as to include this clause giving the committee power over the persons employed by the contracting party who has entered into a solemn contract with the Government.

I read further from the Committee's definition of its power and its interpretation of the Executive order:

2. A nondiscrimination provision is required in leases, grants of easements, rights of way, etc., to the same extent that it is required in other contracts.

3. The obligation to include the nondiscrimination clause exists even though the contract involves nonwar activity.

That shows how elusive the agency is and how it has transgressed any reasonable interpretation of any right it might have under any Executive order. It relies, on the one hand, on the war powers, and says, "because we are at war," but when it comes to drawing its rules and regulations under the President's Executive order, it says it has the same right over contracts involving nonwar activity that it has over those which are directly related to contracts made for war purposes.

I hope Senators will listen to this language because, to me, with the old-fashioned faith which I have in the Congress, and my belief in congressional powers, this is one of the most amazing regulations of which I have ever heard, even if it had been issued by an organization which was created by an act of Congress.

I now read paragraph 4 of the statement to which I have referred.

4. The obligation to include the nondiscrimination clause exists even though the contract is required to be awarded to the lowest bidder.

Congress has passed laws absolutely guiding the course of Government agencies in awarding contracts to the lowest bidder. This agency says that it will superimpose upon the congressional action its own provisions and conditions, and that a contract will not be awarded in accordance with the action of Congress unless the contractor follows the ruling issued by the Committee which was created under Executive order. If that is not asserting the right to modify, amend, or repeal the effect of an act of Congress, then I do not understand what it could possibly be.

I read paragraph 5.

5. The obligation to include the nondiscrimination clause exists even though the contract is between a Federal Government agency and a State agency or subdivision of a State.

Some Senators in times past have referred to their belief in some scintilla of rights in the States. Here is an agency which, without a line of congressional authority, assumes to tell a sovereign State what practices or policies it may follow before it shall be allowed to enter into any agreement with the great Union of States which is represented by our Central Government in Washington. What does the right of a State amount to when the Committee on Fair Employment Practice can tell the State what it shall or shall not do?

I now read paragraph 6:

6. The obligation to include the nondiscrimination clause does not depend on the amount of money or other consideration involved in the performance of the contract.

Mr. President, there are several remaining paragraphs which I shall not read, but I ask unanimous consent that they be printed in the *RECORD* at this point as a part of my remarks.

There being no objection, the matter referred to was ordered to be printed in the *RECORD*, as follows:

7. The nondiscrimination provision required does not refer to, extend to, or cover the activities or business of the contractor which are not related to or involved in the performance of the contract entered into.

8. Inclusion of a nondiscrimination provision is not required in contracts the performance of which does not involve the employment of persons.

9. Inclusion of a nondiscrimination provision is not required in contracts with foreign contractors for work to be performed outside the continental or territorial limits of the United States where no recruitment of workers within the said limits of the United States is involved.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WHERRY. A moment ago the Senator stated that the agency which is now under discussion had originated the practice of filing protests and causing difficulties between contracting parties and others. To the Senator's knowledge,

has the agency ever caused strikes or any difficulties in that respect?

Mr. RUSSELL. Before I conclude I shall cite one or two instances of the committee's action in regard to labor difficulties referred to by the Senator from Nebraska. I shall explain how the committee went even beyond the limits of the Executive order, broad and sweeping as it was, and involved itself in a labor strike in a very critical war industry which lasted for several weeks.

Mr. President, if this agency, which was created by an Executive order, has the powers which are asserted in these rules and regulations, of repealing and modifying acts of the Congress placed upon the statute books years ago, the Congress is an absolutely useless expense to the American people. It should adjourn sine die, and cease to exist once and for all, if an agency which was created by Executive order has the right to modify, amend, or repeal a solemn act of Congress. If the committee can overpower the Congress in anything it seeks to do Congress should cease functioning and allow the committee to take over all responsibilities. If the agency under discussion, a little creature of Executive order, can overpower an act of Congress, then Congress cannot justify its existence.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. REVERCOMB. I have listened with interest to the able discussion of the Senator from Georgia and in the presentation of his views. I, as he, have read from page 549 of the printed hearings the committee's statement of its interpretation of the Executive order. Is there any method provided for going to the courts and testing the validity of any act of the committee under the statement of its powers?

Mr. RUSSELL. That question is the same as the one which was asked by the Senator from New Mexico.

Mr. REVERCOMB. I am sorry; I did not hear the question when it was asked.

Mr. RUSSELL. If a man only followed the law prescribed by Congress and was the low bidder and was refused the contract how could he bring the Government before a court? If he followed the law of Congress but refused to follow the law of the Committee on Fair Employment Practice by declining to give them jurisdiction over his business, what recourse would he have? He cannot sue the Government.

The President has sent word through his Attorney General that such clauses are mandatory. When the Comptroller General said that there was no law for such a practice, the President told the agencies through the Attorney General that the practice was mandatory. How could a mere citizen obtain any redress in court? The Senator from West Virginia is an able lawyer. For approximately 12 years I was in the active practice of law. I know of no method of securing relief in such a case through the courts. The citizen depends on the Congress for fair treatment at the hands of his Government. In the future, if this amendment

is approved, he must look to this Committee.

Mr. President, if this Committee has the power to which I have referred, it has the power to take away from an owner of an apartment house, should he have a Government contract, the right of selecting his tenants. There might be no relation whatever between his contract and his apartment house, but the Committee would have the power, apparently, to tell him it would take the contract away from him unless he allowed anyone willing to pay the necessary rent to become a tenant of his apartment house. If the Committee has such power, it has the power to cancel any provision in a deed to real estate which undertakes to place a restriction upon a person or race of people which might occupy the premises sought to be conveyed. The Committee would have the right and power to cancel contracts, and to superimpose upon the acts of Congress any requirements which it might exact. Such powers would include the cancellation of a solemn deed to land merely because it contained some clause restricting the occupancy of a property to a colored man, a white man, or a Chinaman, to the exclusion of every other race.

Mr. President, Congress cannot approve the requested appropriation without in effect abdicating. Congress cannot approve the appropriation without endorsing the right and power of the executive department of government to legislate.

Allow me to read from the pending bill the language to which I refer, and then conclude as to whether what I have stated is not true:

For all expenses necessary to enable the Committee on Fair Employment Practice to carry out any functions lawfully vested in it by Executive Orders Nos. 8802 and 9346—

And so forth. As I have already stated, when the amendments were first read, the consciences of some of the members of the Committee who were expecting to vote for this proposal needed a soporific, and therefore the language was changed so as to read: "Any functions lawfully," Mr. President, those words mean absolutely nothing. This agency has already told the Congress what it believes its powers to be under the Executive order. Congress cannot approve the appropriation without approving and endorsing every act, rule, regulation, policy, and all the procedures of this agency, and authorizing it to go even further in the future. Senators cannot wash their hands, Pilate-like, and say, "I hope the agency will do it lawfully," because the F. E. P. C. have already served notice how they will proceed.

I might point out that the Chairman of this organization stated at the hearings that the Committee assumed that each and every power they have undertaken to exercise is lawful, and, therefore, the change in the language of the amendment would have absolutely no effect on their actions.

The vote on this amendment will determine the sincerity of all those who have asserted opposition to government by bureaucracy and by Executive decree.

No Senator who really believes in the power and the right of Congress to legislate can vote to approve this assumption of legislative prerogatives by the Executive. No Senator can condemn such assumption in one instance and approve it in others. If any Senator wants to claim that he votes for this amendment because the Congress has not taken any action, then he is admitting that the Congress is impotent that it cannot act and that it is, indeed, useless, as many of our critics are asserting today. In this case when the vote comes Senators have either got to vote for constitutional government and to preserve the coordinate powers of each branch of that government, or vote in favor of the philosophy of government by men and when they do that they will admit that democracy through representative government has failed. I assert that Senators who are tempted to vote for this amendment for political reasons but still have some interest in preserving the private-enterprise system will do well to consider this matter carefully in all its aspects before voting for the amendment.

Until now this agency has had a rather tenuous grip on life; it has had to depend on allocations from the President's emergency fund for money to support it. The agency has never received any recognition whatever from the Congress. For this reason it has been treading rather softly, and when its efforts at government by intimidation have been challenged the attempt at enforcement has been cautiously made. But the whole pattern of this organization and its methods clearly demonstrate what we may expect if the Congress approves this agency and recognizes the validity of the Executive order creating it. If we shall adopt this amendment we will not only have ratified all the actions of the F. E. P. C. up to date, their rules and regulations that repeal acts of Congress, and all the policies they have adopted; but if we approve it, with the group that is in charge of it, we will have made the sky the limit and the world their field for future operations. I hope Senators will mark that prediction.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WHERRY. I should like to ask the Senator a question. Of course, I realize he is not speaking merely for the Record, but in all sincerity. In the event, however, that the amendment of the committee is rejected and we do not grant the appropriation after consideration of the amendment, what is to prevent the President of the United States continuing this agency as it is now being operated under the executive branch of the Government?

Mr. RUSSELL. I might say that nothing would prevent it from operating, but the amendment which on my motion was placed on the independent offices appropriation bill would prevent any members or employees of the agency from drawing any money after the 1st day of July.

Mr. WHERRY. That is, from any appropriations we might grant to the agency?

Mr. RUSSELL. Oh, no; not only from any appropriation we might grant to the agency, but from any other funds of the Federal Government.

Mr. WHERRY. Does not the Executive have funds provided by appropriations for the Executive Office?

Mr. RUSSELL. Yes; but he could not use them for the payment of the salaries of members of this Committee.

Mr. WHERRY. Is the Senator absolutely sure in his conviction that in the event this appropriation is denied the agency will not be able to use money from any other source?

Mr. RUSSELL. The amendment to the independent offices appropriation bill prevents such use of funds. Unless the President wants to discharge the Comptroller General of the United States and take over his office by force of arms there can be no way after the first of July to pay the expenses of the F. E. P. C.

Mr. WHERRY. What about borrowing the money from the R. F. C. and other organizations, as the money to pay consumer subsidies is now provided?

Mr. RUSSELL. As to the consumer's subsidies with which I am familiar, most of the funds to pay them are derived from the Commodity Credit Corporation.

Mr. WHERRY. From the R. F. C.

Mr. RUSSELL. No; from the Commodity Credit Corporation.

Mr. WHERRY. The Commodity Credit Corporation pays the subsidies, but they get the money from the R. F. C.

Mr. RUSSELL. The money is paid from the funds of the Commodity Credit Corporation which has a loan authorization, as I recall, of \$3,000,000,000.

Mr. WHERRY. I am sincere about this matter. The Senator is making an able presentation, I appreciate his remarks, and I am open-minded and want to get the facts. On the question of appropriations, I am wondering if there will not be another way, despite the position the Senator takes, to circumvent it by the use of another appropriation?

Mr. RUSSELL. I will say to the Senator it cannot be done, and I shall tell him why. This agency has been in operation since 1941. The President never sent in a Budget estimate and never came before Congress asking for a dollar for this agency. It has been financed from its inception from the President's emergency fund. After the Senate approved the amendment which I offered to the independent offices appropriation bill, which the Senator from Nebraska may recall, the President, for the first time, sent in a Budget estimate, asking congressional approval for this agency. In my judgment, that is recognition that the agency could not exist after the first of July if the Senate strikes this item from the bill.

Mr. WHERRY. I thank the Senator.

Mr. RUSSELL. I thank the Senator from Nebraska for his interest and for giving me a hearing on this matter, which I regard as being fundamental. I think it is one of the most important issues which have been before the Sen-

ate in a long time. This matter is sufficiently important for every Member of Congress to look into the background and philosophy of those who are directing this organization before they issue such a blank check as is here proposed to provide it with the powers they have assumed.

Some of the members of this board and many of the field personnel in the regional offices who occupy quasi-judicial positions, some of those who serve as prosecuting attorneys in handling complaints before this board are members of organizations and groups which have been branded as subversive by the Attorney General of the United States as well as by the Dies committee. I shall not now go into the details, but I could discuss the matter for some time and mention names. Some of the members of this board and many of their field representatives have been branded as members of subversive groups by the Attorney General of the United States, or at least the groups to which they belong have been branded as subversive.

Senators would best look into the set-up of this organization, and those who are administering it, before they decide that they want to entrust into their hands the future destiny of free American business and enterprise. If the powers claimed are approved, without a single legislative standard or any safeguard whatever thrown about them, when we vote the money, it is no exaggeration to say that we will have gone a long way toward nationalizing or socializing American business.

Mr. REVERCOMB. Mr. President—
The PRESIDING OFFICER (Mr. McCLELLAN in the chair). Does the Senator from Georgia yield to the Senator from West Virginia?

Mr. RUSSELL. I yield.

Mr. REVERCOMB. Is there extant any other executive agency in the same position, exercising powers without congressional authority, without any limitation whatsoever upon the power it assumes to exercise?

Mr. RUSSELL. I do not know of any that has undertaken to haul people before it on a citation and impose sanctions on them. That is why I said at the outset of my remarks that, while this agency has political appeal, on the basis of being a pure question of government by men without sanction of law, we could never have a more clear-cut issue than is here presented. I do not know of any of the other agencies which are operating without any legislative sanction or approval which have undertaken to hale citizens before them and try them as if they were a court, force them to cancel contracts between employer and labor unions, and to prevent them from installing separate toilet facilities for two races when there is a strike over that question, when the workers have been willing, but the agency said: "No; it would be a discrimination to put up a partition."

As I stated, we will have gone a long way toward nationalization or socialization of business. All that would be nec-

essary would be for a man to bring a complaint and say, "I am capable of filling a certain position in this plant," some strategic position, some key position. If this board decides he is entitled to the position, the employer has to give it to him. The subversive groups which are here represented can infiltrate into American business, and the troubles we have had in the past will not be a circumstance to those we will have in the future.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WHITE. The Senator said that if an employee brought a complaint, certain results would follow. Is it or is it not true that a representative of the Board could initiate a complaint, that it must not necessarily be initiated by an employee?

Mr. RUSSELL. They assert that power. However, they said that they had exercised it only in some 150 cases, I think. They said they had the power, particularly in the case of advertising, that on their own volition they had the right to go into a newspaper plant, where the paper had advertised for a certain type of employee and stop such advertising on the ground it was discriminatory.

We all know that in this period, today, the right to deny a Government contract means life or death to American business. There is not a great deal of private manufacturing which can be done. Manufacturing concerns cannot secure the priorities, they cannot secure the raw materials, with which to manufacture civilian products. When there is the right to deny a contract, or the power to deny, which is asserted and enforced by this organization, that is the power of life and death over American business, American enterprise, and American industry, and every Member of the Senate knows that statement to be true. The industry and the businessman must either submit themselves to this organization and its dictates or go out of business, a choice between sudden death or slow death, it seems to me.

The right of appeal has always appeared to me to be inherent in any American system. In this case there is no right of appeal, and the action of the Congress in appropriating, with full knowledge that this organization is assuming these broad powers, will open the door to more complete domination of American business and industry than it has ever experienced in the past, or has ever dreamed of for the future. When that day comes, when, after this organization has been approved, and it is feeling the flush of congressional power, let no Senator say then, when he has a complaint for a harassed constituent that he was not warned of the consequences of his vote in voting to approve this organization and the powers it has asserted by virtue of a naked Executive order.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. RUSSELL. I yield.

Mr. WHERRY. Does the Senator know of any specific case in which this organization has, through another Government agency, withheld priorities or material, or in some way enforced, through another office, a directive to compel the enforcement of another agency's directive?

Mr. RUSSELL. I have not made an exhaustive investigation into that. Undoubtedly, if they have any power at all under the President's order, they have that power, because he gives them the right to call on any other agency to enforce their rulings.

Mr. WHERRY. I agree with that statement.

Mr. RUSSELL. I know it is shown in the House hearings that when the question was raised of inserting in contracts the clause to which I have referred—and I think this involves renegotiation, as well as the making of the contract in the beginning—and a man refused to renegotiate and subjected himself to their jurisdiction, they went to the War Department, and the War Department, on the threat of withdrawing the contract or canceling it, forced him to put the clause in the contract.

Mr. WHERRY. Did the Senator say that was a specific case he knew of?

Mr. RUSSELL. I did not say it was a specific case. I said that it was stated that that was the procedure.

Mr. WHERRY. I wish to say to the distinguished Senator from Georgia that one of the reasons for the amendment, the new section 3, in the bill extending the Price Administration, which the Senate recently passed, was a desire to prohibit the Office of Price Administration themselves using a directive in order to get the performance of a directive in some other office. In other words, a farmer was precluded from getting gasoline if he did not sign up with the triple A. I think that power should be curtailed. I do not believe Congress should permit one agency, through a directive, to see that another directive is enforced through another agency.

Mr. RUSSELL. The Congress has never recognized this agency, as we are asked to do now. Heretofore it has had to depend on some agency which has been created by the Congress to enforce its decrees, and let me state what the record shows. I refer to page 548 of the House hearings. The director of the field service of this organization was testifying:

If the employer has a contract with a Government agency, such as the War Department, the War Department is advised of his recalcitrance, since the employer is obligated by his war contract not to discriminate, and we ask the War Department to use its best offices to bring the employer in line.

Mr. REVERCOMB. From what page is the Senator reading?

Mr. RUSSELL. From page 548. Listen to this:

Usually this is done without any compulsion.

Usually it is done without compulsion. Of course, a man who has a contract with

the War Department will be cited before them, and the Department will say, "You have to upgrade these 400 employees and pay them \$8 a week more because you are underpaying them, in view of their skill."

The man replies, "I don't think so. I am not going to do it."

The next day he finds the contracting official of the War Department at his door, who says, "Mr. Jones, we have given you a good deal of business, and you had better go along with the Fair Employment Practice Committee."

What is he going to do? Of course he will increase the wages. It is government by blackmail; in a way, it is government by intimidation, but it is the most thoroughly effective method of enforcement of which I can conceive.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WHERRY. Does the Senator know whether this rule has been employed with respect to a nonwar contract?

Mr. RUSSELL. I do not know that it has; but I read the regulations wherein the Committee asserts the power, and if Congress grants the appropriation and thus sanctions the power, I think the Committee will start in on nonwar contracts.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. CHAVEZ. Do I correctly understand from the Senator's statement to the effect that a member of this Committee might go to a contractor who had a Government contract and say, "Either you comply with the fair employment practice or your contract will be canceled," that the Senator from Georgia does not believe in fair employment practices even by a contractor who has a contract with the Government?

Mr. RUSSELL. I believe in fair employment practices which are established by the Congress of the United States. When the Congress of the United States ever legislates in this field Senators will not hear any complaint from me about the matter of appropriations to enforce it. I believe in appropriating funds to enforce the acts of Congress, but I am bitterly opposed to appropriating funds to enforce an act which has no legal basis other than an Executive order.

Mr. CHAVEZ. Is this the first time an appropriation has been requested by an agency of the Government which was created by Executive order?

Mr. RUSSELL. This is the first time to my knowledge that such an agency as this has been involved. I will not assert it as a fact, because I have been here only 10 or 11 years, and it may have slipped by without my knowledge. I have, however, tried to keep up with matters affecting appropriations, and this is the first time to my knowledge that an agency which has assumed power to cite people before it and has endeavored to enforce compliance with its orders, ever sought an appropriation when there was no congressional authorization for the

agency. There may have been, but I do not know of any such case.

Mr. CHAVEZ. Is this the first agency created by Executive order that has requested an appropriation from Congress?

Mr. RUSSELL. Oh, no. Of course there have been a great many agencies created by Executive order which the Congress has directed the President to create, and there have been others created by Executive order which did not assert any rights over citizens, such as, for example, the agency which deals with congested areas. That agency has asserted no rights or powers. The President created an agency to coordinate the efforts of the different relief agencies in soliciting contributions for relief, but that agency has no power and no authority, and does not assert any power or authority. This is the first time to my knowledge that an agency which has asserted the power of a court to prosecute, to try and to punish the American businessman, has come to Congress and asked for an appropriation when its only basis for existence is an Executive order.

Let me read from page 559 of the hearings of the subcommittee of the Committee on Appropriations of the House:

The CHAIRMAN. Well, now, do you have any means, does the committee have any means by which it can compel compliance in connection with private industry and unions?

Mr. ROSS. The final answer is "No," sir; but on the way up you have contracts in which it is mandatory for the contracting agency to see that the contractor puts a nondiscrimination clause in, and, presumably, there are sanctions that can be imposed by the contracting agency. The greatest one would be to abrogate the contract.

So the witness asserts the power to abrogate a solemn contract entered into between the Government and one of its citizens, if the citizen is not willing to permit the agency to take over his employment policies and direct whom he shall hire and what employee shall or shall not be promoted within his plant.

Mr. WHERRY. Mr. President, will the Senator yield again?

Mr. RUSSELL. I yield.

Mr. WHERRY. Was the witness Mr. Ross?

Mr. RUSSELL. Yes, the Chairman of the Committee.

Mr. WHERRY. He is the head of the organization?

Mr. RUSSELL. He is the Chairman of the Committee; yes.

Mr. BUSHFIELD. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. BUSHFIELD. In the Senate subcommittee hearings I notice on page 168 an examination conducted by the distinguished Senator from Georgia in which this question was asked:

I have a letter here from a manufacturer in the State of Massachusetts who complains that the United States Employment Service had requested that in advertising for help to fill positions he require that applicants bring their birth certificates with them and that when he did so he was cited by the Fair Employment Practice Committee for following an unfair employment practice.

Now there are two agencies of the Government directly opposed to each other in the orders they give, and I should like to have the Senator, if he will or can, point out to me in the statutes where this Committee has any authority to cite an industry for asking for the birth certificate of a prospective employee.

Mr. RUSSELL. As I just stated, Mr. President, I do not think they have any authority whatever over anyone. I do not think that any President of the United States who ever lived has the power, without a single line of legislation, to create an agency to examine and try an American citizen, unless there has been an act of Congress with respect to it. He cannot do it by Executive order. But the way this thing has been set up, the punishment is just as sure as if the agency had the power, and it is much more effective, because they can punish the man and deny him the right of appeal, by going through the process of letting this agency order another agency created by Congress to cancel a contract.

When the War Department cancels a contract because the manufacturer would not subject himself to this Committee, what is the individual to do? He has no right of recourse in the courts. He cannot come into the courts and sue the War Department for withholding the contracts. He is powerless. He is helpless. He is subjected to this Committee created by Executive order, without the right of appeal, which the Congress would no doubt have provided if we had set up the agency.

Mr. WHERRY. Is there a court of appeal within the Committee?

Mr. RUSSELL. There is not any court of appeal, except appeal can be taken from one of the regional offices to the Committee in Washington.

Mr. President, I assert in all seriousness that this agency has been political in its handling of its affairs. It is directly allied with political organizations in this country that are endeavoring to take over the Democratic Party and attempting to destroy the Republican Party. This agency is one of the pets of the Political Action Committee which is trying to take over the Democratic Party by sapping, undermining, and absorption, and it is attempting to destroy the Republican Party by direct frontal attack.

There is no agency that has been so active in attempting to promote the appropriations and the powers of this Committee, as the C. I. O. and its subsidiaries. I have here this week's issue of the News Flash of the N. A. W. C. I. O. issued from Washington. It contains what to me is the most insulting statement I have ever seen printed in any periodical. I may say to Republican Senators in all candor that while I am a Democrat, in my judgment they are not going to get very far or get very many votes by voting for this organization, because it is a child of the C. I. O. The American Federation of Labor or its affiliates has been one of the principal targets of some of this committee's work. It is not going to support the Republican

Party. This paper says it has tied all the 35 Republicans together, and it undertakes to knock all of them down at once by saying that they just rendered lip service to the poll-tax movement by supporting the constitutional amendment, and it does not credit a single Republican for voting for cloture. Some Republican Senators were so misguided as to be in favor of cloture and to be in favor of the bill, but the C. I. O. committee do not give them any credit for it. So far as this C. I. O. organization is concerned all 35 are tied together, and are to be damned together with the Southern Bourbon Senators and poll taxers.

Mr. REVERCOMB. Mr. President, will the Senator yield.

Mr. RUSSELL. Perhaps I should not have made that statement.

Mr. REVERCOMB. I simply rose to say that when that attack comes I hope the Senator from Georgia will rise to our defense.

Mr. RUSSELL. Perhaps I shall have my own hands full, as I will show before I conclude. I wish to read now from a statement by the political action committee. They say the F. E. P. C. had a narrow escape in the House.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WHERRY. Would the Senator again repeat what he said with respect to the poll-tax matter? I was distracted for a moment and did not hear his statement clearly.

Mr. RUSSELL. I said that the C. I. O. committee tied up all the 35 Republicans together, and undertook to knock all of them down at once by saying that they merely rendered lip service to the poll-tax movement by the constitutional amendment, and without crediting a single one of them with having voted for cloture. I think the Senator from Nebraska did so, but one can never tell by reading from this statement made by the Political Action Committee that the Senator did. They are all tarred with the same stick by this organization. They get no credit at all for having voted for cloture.

Mr. WHERRY. I think in all justice I should say that it was not at all a question with me of how much I could get out of the matter politically.

Mr. RUSSELL. I did not say that.

Mr. WHERRY. I am sincere in my statement. I think the way to settle the poll-tax question is by adoption of a constitutional amendment. I voted for House bill 7 in the committee and for cloture. Now that the Senator has mentioned it, let me say that the distinguished Senator from Wyoming [Mr. O'MAHONEY] made the statement in the press that I voted against his amendment in the committee and then came to the floor of the Senate and voted for House bill 7. I wish to make the matter clear. I am interested in the poll-tax measure. I believe that the poll tax should be eliminated. I am sincere in that belief. The reason I voted against the O'Mahoney amendment in the Ju-

diciary Committee was that it was a substitute for House bill 7, and the Senator from Wyoming tried to kill the bill in the committee. I wish to have that understood. I am for the constitutional amendment. I am sincere about it. There are no politics involved. But when we recur to the agency which is under discussion, we are speaking about an entirely different thing. We are speaking about creating an independent office by Executive order, without legal sanction, and circumventing the Congress. It is not a question whether this race or that race, or this creed or that creed is discriminated against. The question is, Are we to permit the Executive to establish an independent office contrary to the will of Congress and without specific congressional authority?

Mr. RUSSELL. I think the fair question is, Are we going to violate the Constitution of the United States?

Mr. WHERRY. That is correct.

Mr. RUSSELL. I thank the Senator for his statement. I wish the Senator to understand that I was not impugning the consistency of the Senator from Nebraska. I was referring to the inconsistency of the political action committee, tying all the distinguished Republican Senators together, though they differ in their convictions, and painting them all with the same brush, and condemning them all with the same breath. It was inconsistent on the part of the political action committee. It was in keeping with the action of this committee to offer a gratuitous insult to many Senators on both sides of the aisle. In discussing the F. E. P. C., the political action committee says:

The fight now goes to the Senate Appropriations Subcommittee. This committee is loaded against F. E. P. C.

I wish that statement had been true. It developed that the political action committee had much more power in the Appropriations Committee than it had anticipated.

This committee is loaded against F. E. P. C. The greatest pressure must be put on every Senator to appear before the committee and make public statements to save the F. E. P. C. Also ask him to demand a record vote on the floor of the Senate.

Mark well these gratuitously insulting words:

Most northern Senators will not risk a public vote against fair employment practices for Negroes—not in 1944, anyhow.

That is a gratuitous insult to the courage and integrity of any Senator who happens to be from the North.

The political action committee does not confine its activities to Republicans. The Senator was asking about my support when the political action committee was involved in a campaign. Let me read this telegram addressed to me:

We consider your activities against F. E. P. C. in Senate a mockery of liberty and freedom of speech.

I do not exactly understand the freedom of speech part.

Continuance of your fight against democratic legislation will lead you inevitably to

the same fate suffered by your brothers in prejudice, Messrs. DIES and STARNES—political bankruptcy.

The telegram is signed "Political Action Committee, B. I. J. U. C. Employees."

Mr. President, I may suffer political bankruptcy. I shall not like it any more than anyone else does. My will to win in a political campaign and my desire to hold exalted public office is about as strong as that of any other Member of this body; but I pray that that will to win and desire to hold public office may never be so strong as to drive me into voluntary moral bankruptcy. My position on this proposition may drive me into political bankruptcy, which will be involuntary; but if that day comes I hope I can walk out of this body with an unfettered conscience and the satisfaction of at least having done what I thought was right.

Mr. President, this F. E. P. C. is not only a political agency from that standpoint but it is a political agency because of its other operations. It was commanded by the President to go into all the Federal agencies and to see that there exists no discrimination in employment because of race or religion.

Any visitor to any of the departments of government in Washington, I care not how ardent a nondiscriminator he may be, will see plenty of evidence that the Committee has performed well the duties with which it was charged by the President. There has been no discrimination, so far as I know, against any race which belongs to a minority group. But as evidence of the political nature of this agency, when it comes to its own personnel, we find that it is overwhelmingly Negro. It has not hesitated to discriminate against the white race in its own employment policies. The Negro population of this country is slightly less than 10 percent, but the record discloses that two-thirds of the employees of this agency are Negroes. I mention that fact to show the political nature of this agency.

The record shows that this is probably the highest-paid agency in the Government. The average salary of the employees of this agency, without overtime, amounts to \$3,015.40 a person. Mark that. That is the average salary in this agency, as compared with an average throughout all the civil service in all the other agencies of only \$1,700—nearly twice as much.

Why is it necessary to have so many high-salaried persons in this agency, if it is not shot through and through with politics, and is not a political agency? Six of the field offices, in regions where the vast majority of the complaints have arisen, are presided over and directed by Negroes. The hearings disclose that only 44 of the more than 4,000 cases over which this agency has assumed jurisdiction have ever reached Washington for determination. Eighty-five percent of the total number of cases involved Negroes, and the overwhelming majority of them have been decided in the field by the regional offices. I say that some of the appointments are political, and I

again invite Members of the Senate to look into the background of those who occupy these important positions; before they vote to perpetuate this agency.

As another evidence of the political nature of this Committee, I point to the different policies pursued in similar cases, cases which are practically identical in their nature, but which arose in different jurisdictions.

This Committee cited the Philadelphia Street Railway Co. for discrimination. The management and the labor union had a contract which had the effect of excluding Negroes from jobs as conductors or engineers. Mr. Ross and one of the Negro members of his Committee—one Webster, who I think is connected with the Pullman Car Porters Union—went to Philadelphia and conducted hearings.

The union absolutely refused to do anything about it. The Committee finally got the employer in a position where he was willing to do something, but the labor union said, "No; we have a contract, and we refuse to set aside and abrogate our contract simply because your Committee wishes us to do so."

In another case a great many railroads were cited for discrimination. The railroads had contracts with the brotherhoods which, frankly, had the effect of excluding the Negro from employment as conductor or engineer. Twenty-three railroads were cited. Although there was not a Negro conductor in the United States on any railroad line, the Committee referred to the President, and highly publicized, only the cases of 14 labor unions and 14 railroads in the Southern States which had refused to abrogate their contracts between labor and management and employ Negroes as conductors and other officers on their trains. Nothing has been done in the Philadelphia Street Railway case. That company refused, and has not yet moved, to accept a Negro as an engineer or conductor. But the southern railroads case, in which there was a similar refusal, was publicized from one end of the country to the other. This man Randolph, who is head of some committee, ran full-page advertisements publicizing the decision shortly after it was delivered, exalting the Committee's action in many daily newspapers.

The southern people and the southern railroads have been pilloried because of the contract between the railroads and the railroad brotherhoods which prevented a Negro from being employed as a conductor or an engineer. Mr. Ross testified before the committee. I asked him the question, and, evasive and clever as he was, he finally admitted that he did not know of a single railroad in the United States which had a Negro conductor. But he picked out the southern railroads in an attempt to bring to the support of his Committee all the people who are prejudiced against certain social customs which are a part of the warp and woof of southern civilization. He had the southern railroads cited to the President—although he has ignored those in other sections of the country—even

though there was not a Negro conductor or engineer on any railroad in the United States. He has ordered the cancellation of the contract with the labor unions in this order to the southern railroads to employ Negro conductors and engineers. Mr. President, it is the most nauseating political move which has ever been attempted in the United States.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WHERRY. Is Mr. Ross the head of the Fair Employment Practice Committee?

Mr. RUSSELL. Yes; and it was he who testified.

As I say, the move was simply one to pillory my people and to rally to the support of the Fair Employment Practice Committee all the extreme left-wing groups in the country who are not satisfied unless they can come into the South and tear down our social order.

In the South we have segregation. It is approved by the whites and blacks alike. The white people have pride in their race, and they want the colored people to have pride in their race. We deal fairly with the colored people in our employment practices. I do not mean to say that is true in every instance any more than it would be true in other sections. But the southern railroads employ thousands of Negro firemen, brakemen, and trainmen, whereas the other railroads of the country have few. Yet this group came into the South and tried to make a gruesome example of the southern railroads by citing them to the President. I am glad the railroad brotherhoods and the southern railroads defied this organization and told it to go ahead and do its worst.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. RUSSELL. I yield.

Mr. WHERRY. I am interested in the enforcement provisions. Was any finding made by the Committee in the Philadelphia Street Railway case?

Mr. RUSSELL. The Committee never determined it. It never cited it to the President. The unions refused to accept a Negro conductor. But in the southern railroads case the Committee cited the southern railroads to the President.

Please bear in mind that the Committee started with a case against 23 railroads. Involved in that case was the Pennsylvania Railroad and other railroads in this area. None of those railroads employ Negro conductors. But when the F. E. P. C. made its citation to the President, it did not cite the Pennsylvania Railroad or the Missouri, Kansas & Texas Railroad or the Baltimore & Ohio Railroad, but cited only the 14 railroads which operate in the South. I mention that as showing why the activities of this organization are abhorrent to any person, black or white, who believes in fairness.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. MAYBANK. With his permission, I should like to read to the distinguished Senator from page 171 of the Senate subcommittee hearings. The

Senator from Georgia asked the following question in the Appropriations subcommittee:

Senator RUSSELL. Do you mean to say that the order you issued in that case did not specifically mention the positions of engineers and conductors?

Mr. ROSS. It said not to discriminate among railway engineers, conductors, firemen, and the rest. They were asked to take certain steps to begin to comply with this order, and they took no steps whatever, sir.

Senator RUSSELL. That was against both the railroads and the unions?

Mr. ROSS. It was.

As a matter of fact, as the distinguished Senator has said, the F. E. P. C. did not give the railroads time to do anything. It brought a case against the southern railroads, although some of the testimony shows that less than 10 percent of all the cases originated in the South.

Mr. WHERRY. Mr. President, will the Senator yield for a further question?

Mr. RUSSELL. I yield.

Mr. WHERRY. By what right did the Committee so proceed? That is what interests me. By what right did the Committee bring a case against the railroads? Upon what theory did it proceed? I should call the railroads a non-war industry.

Mr. RUSSELL. Of course, Mr. President, the Government is using the railroads for transportation. But some of the people who are employed by the railroads filed a complaint. They had filed them in the cases of all railroads throughout the United States.

Mr. WHERRY. By what authority?

Mr. MAYBANK. By the asserted authority of the War Powers Act.

Mr. RUSSELL. Or by authority of the so-called aggregate of powers.

Mr. WHERRY. Is that stated in the complaint? Does the Committee state in the complaint under what authority it complains?

Mr. RUSSELL. There are a number of cases. The F. E. P. C., on the assumption that it was just as legal as if it had been created by a solemn act of Congress, received complaints. The F. E. P. C., on the assumption that it had the power, as I have heretofore shown, even to override an act of Congress, and on the assumption that it was just as legal as if it had been created by an act of Congress, issued a citation. I do not believe the railroad unions ever submitted themselves to the jurisdiction of the Committee.

Of course, the issuance of the citation against the railroad brotherhoods was partly political. The C. I. O. was delighted to see the railroad brotherhoods cited. The move was a political one against both the railroad brotherhoods and all of us in the South, for recently it has become popular to criticize us and to call us Bourbons and everything else.

Mr. MAYBANK. I read from the committee hearings, at the bottom of page 171:

Senator RUSSELL. I wish you would put the order in the record.

Mr. ROSS. I think there is a distinction, Senator. I might say that on the House side

we put a carefully thought-out presentation of our views in the record.

Senator RUSSELL. I want to get a copy of the specific order in this case, if you issued an order.

Then follows a three-page presentation entitled "Summary, Findings, and Directives."

Mr. WHERRY. I thank the Senator.

Mr. RUSSELL. Mr. President, I would be less than frank if I did not say that a thousand orders from a thousand such committees are not going to change the views of the southern people on the question of segregation. I have asserted that we deal more fairly than some other sections with the Negro in employment. An eloquent testimony to that fact, Mr. Ross himself asserted that less than 10 percent of the claims filed with him originated in the South.

Of course, when it came time to publicize a case, they picked the case of the southern railroads.

Mr. President, that action and the general tenor of the organization's movements in its efforts to make us conform to its ideas have done more to stir up bitterness and dissension in the South than anything else which has happened there for many years. This is unquestionably true. Disunity and dissension between the races have been created, rather than unity. Instead of expediting the war effort, the F. E. P. C. is impeding it. Its activities have had the effect of alienating many of the best friends the Negro has ever had and have caused bad feeling between the races.

Mr. REVERCOMB. Mr. President, will the Senator yield for a question?

Mr. RUSSELL. I yield.

Mr. REVERCOMB. This is a matter which has puzzled me a little with respect to the southern railroads case. What pressure or what method of getting at the railroad companies did the Committee have? I can understand that when it called in one who had a war contract it might threaten to cancel his contract or to have it canceled through some other agency. How could it bring pressure to bear on the southern railroads? Why did the southern railroads submit themselves to the jurisdiction of the Committee?

Mr. RUSSELL. I do not know that they ever submitted themselves to the Committee's jurisdiction. They appeared, and protested the jurisdiction.

Mr. REVERCOMB. Why did they answer or respond, if they take the position that it is illegal?

Mr. RUSSELL. Mr. President, during the last 2 or 3 years it has been very difficult for the average American citizen and businessman to differentiate between a creature of Congress and a creature of an Executive order. When he receives a citation with the seal of the United States upon it he does not go into that matter so far.

The railroads which were cited merely appeared and protested the jurisdiction. I do not think they examined all the witnesses. The labor unions did not apply for an opportunity to examine the witnesses. When the Committee issued the order against the southern railroads,

canceling their contract with the railroad brotherhoods, the railroads flatly stated they would not comply, and the labor unions took the same position. Of course, that rather nonplussed the Committee. It had no statutory authority to proceed. Its only weapon was cancellation of the contracts. In its haste and enthusiasm it had cited all the southern railroads. The contract of one railroad could not be canceled without preventing the shipment of war goods over all southern railroads. Several hundred thousand soldiers were stationed in the South, and they could not very well be moved. However, the case is still open. When it was reported to the President he did not say there was nothing the Committee could do about it. He did not undertake to enforce sanctions, but appointed an entirely new committee to consider only the case of the southern railroads. That committee is now in session, and I do not know what action it will eventually take against the southern railroads.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. REVERCOMB. Has the Attorney General advised the President, or has the President threatened to use soldiers to seize the property of the railroads which the Senator mentions?

Mr. RUSSELL. No; but in my judgment if the Congress of the United States should approve this provision and ratify all that has been done up to the present time, the next logical step would be the seizure of industrial plants and business establishments should they refuse to conform to the rulings of the Committee. I have heard that some people assert that the Committee had the right to impose sanctions of seizure of a plant under the powers which were ostensibly vested in the Committee by the statutes, by the Constitution, and by the War Powers Act.

Mr. REVERCOMB. I gathered from the reply of the Senator that the President and the Attorney General think more of the southern railroads than they do of Montgomery Ward & Co.

Mr. RUSSELL. I do not know about that. The matter arose under different circumstances, but the committee evidently thought more of the railroads operating in West Virginia than they did of the southern railroads, because they cited them. Therefore, the Senator from West Virginia might have exercised some influence with the President's Committee, an influence which was not available to the Senator from Georgia or to Senators from some of the other States.

Mr. REVERCOMB. I am sure the Senator is facetious when he suggests that the Senator from West Virginia may have exercised influence with the President on this subject.

Mr. RUSSELL. Mr. President, there is one other question to which I wish to refer. The head of the agency said before the committee that he was not interested in enforcing social equality of the races and bringing about an intermingling of them. He said that he was interested only in equality of employment. In order absolutely to contradict

the assertion of the Chairman of the Committee, I wish to bring to the attention of the Senate two cases. When the Chairman of the F. E. P. C. was before the subcommittee of the Senate Committee on Appropriations, the Senator from Maryland [Mr. TYNDINGS] examined him in connection with a strike which had taken place at the plant of the Western Electric Co., at Point Breeze, Md., and stated as follows:

The men who were employed there wrote me a number of times, and there may be other angles to it, but they represented to me that that dispute between the colored people and the white people arose out of the fact that there were two sets of toilets, one for the Negroes and one for the white people, and in pursuance of a directive or order, or instructions that came from your department—

The Senator from Maryland dignified it by calling it a department—

to the management down there, a partition was torn down, so that both races used the same toilet. Then there was a strike in protest. As I got the picture, the colored people were perfectly willing that the partition be put back, provided, of course, they had as good facilities as the white workers enjoyed; the white workers were satisfied for the partition to be put back between the two toilets, but the partition was not put back, and a great many thousands of man-hours were lost over that seemingly incidental problem. Is that a correct statement of fact?

That was the way in which the Senator from Maryland presented the case. I shall not read all the language, but it seems practically undisputed that the company was perfectly willing to reestablish equal facilities of washrooms and toilets for both races, and install partitions where they had previously been installed.

The Committee issued an order that if the partitions were put back it would be an unfair employment practice. The Western Electric Co. had a contract for the manufacture of field telephones for the Army of the United States, and, because of the order which had been issued by the agency, it was subjected to a strike which lasted many weeks.

In case there be any question about it, I read into the RECORD the order, or opinion of the Committee.

The Committee takes the position that in the circumstances of this case, where there are frequent and temporary transfers of workers from department to department, such installing of segregated duplicate facilities cannot but lead to discriminatory employment practice.

The strike took place and lasted many weeks. The Committee never changed its rules. As nearly as I can ascertain, not based on any evidence, the War Department had to have the telephones which the Western Electric Co. was manufacturing, and the Department finally told the management to put back the partition in spite of the Committee. That is how the strike was finally settled.

There is one other case which I wish to bring to the attention of the Senate.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WHITE. Before the Senator takes up another case, may I interrupt him by a question?

Mr. RUSSELL. I yield.

Mr. WHITE. Like the Senator from West Virginia [Mr. REVERCOMB] and the Senator from Nebraska [Mr. WHERRY], I am interested in the question of the power lodged in this Committee, and the question of power asserted by the committee.

On page 178 of the printed hearings appears the following colloquy between the Senator from Georgia and Mr. Ross:

Senator RUSSELL. Did you think you had any legal right, Mr. Ross, to order a labor union and an employer to abrogate an existing contract?

Mr. Ross. That is a field where I think higher agencies have got to decide the issue. We have decided this.

Senator RUSSELL. You have decided, so far as your agency was concerned, that you do have the power to set aside existing agreements between employers and labor unions.

Mr. Ross. Yes.

Am I to understand it to be the position of Mr. Ross that the Committee has or asserts power to abrogate any existing contract, the legality of which is not questioned by any authority?

Mr. RUSSELL. There is no question about it. The Committee has assumed the power to legislate and make its own rules, and serve as a court for the trial of offenders. It also assumes the power to go to a Federal agency and have a sanction imposed upon any labor union or manufacturer which does not conform to the wishes or rules of the Committee.

Mr. WHITE. And the Committee could abrogate a contract which was not otherwise challenged as to its legality?

Mr. RUSSELL. The Committee has asserted the right to force business concerns to renegotiate contracts, not altogether for the purpose of recapturing excess profits, but for the purpose of forcing the contractor to include in the contract a clause which would give the Committee power to handle the contractor's employment and personnel problems. I do not believe there has ever been anything like it in all the history of democratic government. I have never heard of any other agency, without a line of legislation to support it, assuming any such powers as have been assumed by this agency.

Mr. WHERRY. Of course, the answer of the Senator would apply to nonwar agencies as well as to war agencies, would it not?

Mr. RUSSELL. The regulations which I have heretofore read stated that the Committee claims the power to formulate rules and regulations.

Mr. President, the case to which I have referred, involving conditions which led to a strike at Port Breeze, Md., is one of the most flagrant cases of which I know, involving an attempt to impose social views upon employers and employees.

The employer wanted to stop it by putting the partitions back. The colored people said they would be satisfied if they got equal toilet and washroom facilities with the whites. The whites said they would be perfectly willing if they got

separate toilet places; so everybody was satisfied but the Fair Employment Practice Committee. They issued an order that it was a discriminatory practice to have separate though quite equal wash-room and toilet facilities for the whites and blacks. You cannot wonder, Mr. President, that there are some people in this country who still do not believe in absolute social equality—and there are great numbers of them in my section of the country—who are very apprehensive about an organization of this kind. Even if any Senators believe in social equality, even if they believe in striking down all segregation, even if they believe in the repeal of States' laws which prevent the intermarriage of the races, even if they believe in the intermingling of the races, we must admit that this end should be sought in a lawful way and not by an Executive order agency assuming all powers to bring about such results. I venture to think that before we should uphold the Fair Employment Practice Committee we should uphold and defend the Constitution of the United States.

I refer now to the other case to which I want to call the attention of the Senate, a case where the Fair Employment Practice Committee has assumed the right to dictate and have thereby caused trouble and impeded the war effort in the desire to impose their peculiar ideas of a proper social order on the people of this country. Here is a letter addressed to the chairman of the special committee of the House of Representatives to investigate executive agencies. I shall not read it all, but I desire to read the pertinent portions. It is signed by John Hawk, secretary-treasurer and first vice president of the Seafarers International Union of North America. I understand that is a strong maritime shipping union made up of men who sail the seas. I quote from the letter Mr. Hawk wrote to the chairman of the House special committee:

I consider it an urgent obligation to direct the attention of your committee to a situation which is fast developing to a point where it may hamper the delivery of the cargoes so desperately needed by our fighting forces.

I have reference to the arbitrary, dangerous, and unrealistic interpretation being applied to the President's Executive order establishing the Fair Employment Practice Committee by a pair of starry-eyed fellow travelers heading the Atlantic coast district of the recruitment and manning organization of the War Shipping Administration.

These gentlemen, Mr. Craig S. Vincent, Atlantic coast representative of the R. M. O., and Mr. Frank Pollatsek, Chief of the R. M. O., office in New York, are insisting that the President's order is being violated in connection with the hiring of ships' crews—

Listen to this, Senators—

because our union requires that white seamen shall not be forced to eat and sleep in the same quarters with Negro seamen, and vice versa.

There is no discrimination.

Under this arrangement, each race disrespectful of the other's rights, just as prevails in the armed forces of our country.

Messrs. Vincent and Pollatsek are trying to compel our union—

They are trying to compel the union—to abandon a sound and tested policy which has resulted in harmonious relationships between Negro and white members over a period of many years. This policy, which is supported by the more than 2,000 Negroes in our membership—

It will be noted that there are 2,000 Negro members of this union—

provides for a rotary hiring-hall system, fair and equitable in every way, which enables whites to share ships' quarters with whites and Negroes with Negroes.

There is not the slightest vestige of discrimination in the running of our union. In fact, a number of our officers are Negroes. The union lives up in every regard to our section of the President's order which calls for the elimination of discrimination with relation to hire, tenure, terms or conditions of employment or union membership because of race, creed, color, or national origin.

The Negro members of our union receive the same wages and voting privileges and enjoy precisely the same working conditions as our white members.

It is this particular section of the President's order which is being twisted and distorted by Messrs. Vincent and Pollatsek to conform to certain social reformist theories which they are seeking to experiment with at the expense of the American seaman and the war effort, and in defiance of the sober judgment of practical men who have spent the greater part of their lives in the maritime industry.

If the views of these two officials are permitted to prevail—

Note these words—

If the views of these two officials are permitted to prevail—and they have the enthusiastic endorsement of every Communist and sympathizer infesting the waterfront—in other ports throughout the country they inevitably would create a state of chaos in the maritime industry in a critical hour for our country. We would see a mass exodus of trained seamen to other jobs; we would see a flare-up of race hatreds, and we would pay for all this in costly delays in the shipping of supplies and equipment to our fighting fronts.

It should be pointed out here that the R. M. O., in the Atlantic coast district, is misrepresenting or concealing the facts when it recruits boys from American homes and then tries to compel them to depart abruptly from old-time family traditions to share eating and sleeping quarters on American ships with members of another race, particularly when such condition is not at all necessary and is disruptive of, rather than helpful to, the war effort.

The interpretation which Messrs. Vincent and Pollatsek are so zealously trying to read into the President's order is a flat violation of the statement of policy which our union signed with the War Shipping Administration on May 4, 1942. This statement of policy reaffirms article 3 of the service agreement signed between general shipping agents and the War Shipping Administration and states specifically: "If the general agent has contracts with unions and those contracts require, for example, preference of employment or use of union hiring halls, the agent would be required to procure men in accordance with the contracts."

What Messrs. Vincent and Pollatsek are trying so hard to do is to disturb our existing and harmonious policy with regard to this union's hiring-hall system in order to grind their own pet reformist ax. Apparently they have no concern over the inevitable consequences.

I ask that the remainder of the letter be printed in the RECORD.

There being no objection, the remainder of the letter was ordered to be printed in the RECORD, as follows:

The views of these men also run counter to the statement of principles governing wartime policy which was signed on December 18, 1941, following negotiations by representatives of the maritime industry, the maritime unions, and the Government.

In arriving at the statement of policy it was agreed that the hiring-hall system embodied in our contracts was to be respected and not interfered with in any way. The union agreed to waive its right to strike for the duration and that pledge has been lived up to faithfully. There have been no strikes or delays on our ships since the war started.

There have been repeated instances where the R. M. O. office in New York has refused to send Negroes to our hiring hall in order to be dispatched to our contracted ships. This resulted in these ships sailing undermanned. On other occasions when our hiring hall was closed for the night or over Sunday the R. M. O. deliberately dispatched Negroes to vessels with white crews, thereby arousing protests and unnecessary ill-feeling.

Our understanding is that the R. M. O. was set up for the explicit purpose of supplementing the unions and the operators in the supplying of seamen personnel in order to prevent delays in sailings.

This is clearly a situation which calls for a thoroughgoing investigation by your committee in the interests of the American seamen and the maritime industry.

The taxpayers money which is being appropriated for the running of the R. M. O. office in New York could be agent to far more useful and constructive purposes. I am sure our Congress never intended to countenance the use of Government funds to promote theories and reforms inconsistent with American traditions and with plain ordinary common sense.

Yours very truly,

JOHN HAWK,
Secretary-Treasurer and First Vice
President of the Seafarers International Union of North America.

Mr. RUSSELL. So, we find the head of this labor union, which is composed of both whites and blacks who have long followed the practice of whites living with the whites and the blacks living with the blacks and having separate dining facilities, complaining because this Government agency is trying to force them to mix up the whites and the blacks, make them sleep together, and eat together. Mr. President, I assert in all sincerity that some of the acts of this Committee are sufficient to convince many people that they are more concerned in tearing down the existing social order and imposing their own ideals of social reform on the people of the United States than they are in any discrimination in employment or even in winning the great war in which we are now engaged. It is absolutely inexcusable to have a Government agency, created by Executive order, encouraging, under the guise of expediting the war effort, the continuance of a prolonged strike, as was done in Maryland, and interfering with the shipping on the high seas, so essential to supply the boys who have landed in Normandy, merely for the sake of imposing their own ideas of social reform and trying to bring about absolute equality

and an intermingling of the races, even when the races are satisfied with the conditions that obtain, as is the case in the instance of the Seafarers International Union.

Mr. WHERRY. Mr. President, will the Senator yield for one more question?

Mr. RUSSELL. I yield.

Mr. WHERRY. The Senator from Georgia has been very patient and I appreciate the time he has given to me and I do not wish to delay him; but I should like to have the Record made clear so far as I am concerned. I take much interest in the question at issue, and I am asking the question for information. I voted for the amendment of the Senator from Delaware [Mr. Buck] which was offered several weeks ago to one of the appropriation bills by way of authorization for this agency. I feel personally that if a person is qualified and has the ability there should be no discrimination. That, however, is not the particular point in which I am now particularly interested. In this discussion I am amazed at the power this agency has assumed. In view of the statement the Senator is making, I should like to leave for a moment the question of race out of the discussion, and say that I am surprised that any agency would assume the authority to override the right of private contract. I cannot understand where the F. E. P. C. got such authority. A contract is entered into between two parties who are perfectly satisfied, but a third party outside the contract comes in and claims a higher authority to write into the provisions of the contract the terms it sees fit.

I should like to ask one more question. Do I understand in a decision of this kind made by F. E. P. C. there is no appeal? Is the decision of the agency final? The Senator mentioned that they brought several decisions to Washington—I think the Senator said 44 cases, if I am not mistaken. Then he mentioned also in his remarks that they were referred to the President.

Mr. RUSSELL. Only two were referred to the President.

Mr. WHERRY. Is he the final authority on appeal? The Senator did not explain that.

Mr. RUSSELL. That is what I am complaining about, that we are asked to appropriate for an agency that has no legislative standard, and no limitation except that which may be imposed by the reformers who run it.

Mr. WHERRY. I understand that clearly, but I cannot conceive of any agency overriding a right of private contract, and if they do, I cannot conceive of a person not having his day in court, that he might set up his defense. Does the Senator mean to interpret this as meaning that when a case is finally appealed to the President, he exercises the authority, and renders a decision on appeal?

Mr. RUSSELL. The person who is cited has no right of appeal to the President. The President's proclamation says that when the individual refuses to carry out the order of the F. E. P. C., the F. E.

P. C. may cite him to the President; but it does not say anything about the individual having the right of appeal to the President. It is silent on that score.

Mr. WHERRY. It is a unilateral proposition?

Mr. RUSSELL. Absolutely. Being from the South, and this agency being a political question, I know that anything I might say about it would be suspect; but as many Senators know, I have for some time been working on the question of the creation of action agencies by Executive order. For the past 3 years, even before I knew there was such an agency as this, I was trying to bring these agencies under some sort of control of Congress. At the time I started on it I never conceived that any agency created by Executive order would ever assume to possess the powers this agency claims for itself, but we have it here now, and Senators may remember, when they vote, the powers they assert, and the risk they are running by entrusting American industry and business into their hands for the future.

The agency has already asserted the right to change the laws passed by Congress relating to the making of contracts. It has already asserted the right, without any act of Congress to sustain it, to cite people before it, and to use sanctions employed by other executive agencies, canceling contracts, and the like, to enforce its decrees.

In my judgment, if we put the stamp of approval upon this nebulous scheme, which has no lines of definition, which has no standards, which has no brake except its own conscience, from which there is no right of appeal, in my judgment it will likely bring about the seizure of plants in this country that are not willing to entrust questions of promotion and employment of personnel into the hands of this F. E. P. C.

I warn Senators again, in the event the Senate is so short-sighted as to approve what this agency is doing, let no man say, "I did not think they would do it"; let no man say, "I did not vote for a bill to create it," because Senators will be voting for it; instead of voting for the powers defined by the Congress, they will be voting to give this committee the right to define its own powers, as well as to enforce its own decrees.

Mr. MURDOCK. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield.

Mr. MURDOCK. I wish to recur to the question of the creation of the committee by Executive order. If I understood the Senator, he cited a letter from the Comptroller General. I am wondering whether he takes the position that there is anything in that letter which questions the legal authority of the President to create the committee.

Mr. RUSSELL. No; it does not question his authority to create the committee, but it says that the powers given it are directive, and not mandatory.

Mr. MURDOCK. The decision of the Comptroller General was that the regulation of this committee with reference to the inclusion of a nondiscriminatory

clause in contracts was directive and not mandatory, but that was all that decision of the Comptroller General decided, was it not?

Mr. RUSSELL. Of course, the Comptroller General did not pass on the legality of the appointment of the Committee.

Mr. MURDOCK. That is what I wanted to have made clear; he did not do that at all?

Mr. RUSSELL. Not at all. Of course, the President has the right to appoint any committee he desires to appoint. He could appoint a committee under any name he chose. But the powers assumed by the Committee are the test as to whether or not there has been an invasion of the field of the National Legislature. It is not the mere fact of the appointment of the Committee.

Mr. MURDOCK. I wanted to have it made clear in my own mind that the Senator did not cite the letter of the Comptroller General as an authority on the illegality of the creation of the Committee.

Mr. RUSSELL. No, not on the legality of the creation of the Committee, but on the actions of the Committee after it was created and the powers it had assumed.

Mr. MURDOCK. I think all the Comptroller General decided was that the regulation was not mandatory, but merely directive.

Mr. RUSSELL. I imagine that after he was overruled by the President, as he was, the Comptroller General would be slow to proceed any further.

Mr. GEORGE. Mr. President, will my colleague yield?

Mr. RUSSELL. I am glad to yield to my colleague.

Mr. GEORGE. What the Comptroller General said was that this was an extralegal organization, that it had no congressional authority, and therefore he reached the conclusion that the setting up of a committee by the President to do certain things was a mere directory act, and not mandatory.

Mr. MURDOCK. If the Senator will yield to me, I have read the letter very carefully—

Mr. GEORGE. I care not whether the Senator has read it very carefully, the Comptroller General predicated his ruling on the one word "admittedly"—admittedly there was no legal authority for this organization.

Mr. MURDOCK. He said that admittedly there was no statutory authority for it.

Mr. GEORGE. Where is the authority?

Mr. MURDOCK. If the Senator will permit me to conclude my statement—

Mr. GEORGE. I did not want the Record confused in such a way.

Mr. MURDOCK. I do not want it confused, either, and that is why I rose.

Mr. GEORGE. The Comptroller General's ruling was founded on the definite predicate that there was no legal authority for this organization, and hence that its activities and what it may

require anyone to do with respect to a contract were purely directive.

Mr. MURDOCK. If the Senator will yield, after listening to the distinguished junior Senator from Georgia, I took the pains to call the general counsel on the question as to the legality of the creation of the committee—and I was very specific—and his answer to me was, "Of course, we have not passed on that question." He said, "The only question we have passed on is the one that is referred to in the letter."

Mr. GEORGE. Oh, well—

Mr. MURDOCK. If the Senator will permit me to conclude.

Mr. GEORGE. The President can appoint a committee on education, if he desires.

Mr. MURDOCK. I understand that, but the word "admittedly" is used in this case, that admittedly there is no statutory creation of this committee, hence the decisions of the Comptroller General with reference to agencies which are created by statute are inapplicable to this situation.

Mr. RUSSELL. Oh, no.

Mr. MURDOCK. I have the letter here.

Mr. RUSSELL. I do not care what the Senator has; the Comptroller General went further in his ruling and said that he was going to assume that the President's order had the validity of a statute, which I think was a very, very broad assumption; and then, in spite of giving it that much dignity, he held it was merely directive.

Mr. MURDOCK. May we take the time to read again what he says?

Mr. RUSSELL. Yes.

Mr. MURDOCK. This is the language to which the senior Senator from Georgia refers.

Mr. RUSSELL. I also referred to it in the course of my statement.

Mr. MURDOCK. The Senator read the letter, but the language to which the senior Senator from Georgia referred is this, if I understood him:

Admittedly, the matter of the inclusion in Government contracts of antidiscrimination clauses has not been the subject of specific statutory enactment. Hence, past decisions of the accounting officers with reference to contract provisions or stipulations expressly required by act of Congress are—at most—only indirectly applicable to the instant case.

That is what the Comptroller General says. He does not say anything about the legality of the creation of the Committee.

Mr. RUSSELL. Of course, the President has a right to appoint a committee on anything he wishes.

Mr. MURDOCK. That is the point I wish to raise with the Senator. The letter was not cited as an authority from the Comptroller General that the creation of the Committee by the President was illegal.

Mr. RUSSELL. No. Of course, the President has a right tomorrow to appoint a committee on fish. He has a right tomorrow to appoint a committee to abolish poverty in the United States.

But if that committee then undertakes forcibly to distribute the wealth of the United States among the inhabitants of the United States, that is not a function which has been authorized by the Congress, and such procedure would be illegal.

Mr. MURDOCK. I am not quarreling with the Senator's statement about that matter. I have no quarrel with what the Senator has said concerning what the Committee has done. The only reason I rose was to clear up the point of the legality of the creation of the Committee, and I think the Senator has very emphatically cleared it up.

Mr. RUSSELL. The President has a right to appoint a committee. He has a right to appoint any committee he wishes to appoint, but it is my contention that as Chief Executive of the United States he does not have the power to vest in the F. E. P. C. the powers which this agency attempts to assert. That is my position.

Mr. GEORGE. Mr. President, I merely wish to make it clear that the mere appointment of a certain number of men and calling them a committee is, of course, something that any executive officer may do. Even a private citizen may do it. But when we consider the powers which the Committee is trying to exercise, and which the Executive has given the Committee to exercise, and then read the Comptroller General's letter, there is no way to escape the conclusion that this agency is extralegal, and, therefore, decisions by the courts construing acts of agencies created under authority of the legislative branch of the Government have little or no effect.

Mr. RUSSELL. My complaint has not been that the appointment of the Committee per se was an illegal act. My complaint is that it was sought to vest in the Committee that was appointed powers which do not reside in the Executive, and that the Committee has even sought to exercise powers which were extraneous to the powers conferred by the President, and in excess of the powers sought to be conferred by the President.

Mr. MURDOCK. Mr. President, will the Senator yield again?

Mr. RUSSELL. I yield.

Mr. MURDOCK. Let us assume for the sake of the argument that the creation of the Committee was illegal and has no basis in law. Then I ask the question: Would the Comptroller General of the United States have the power to refuse the payment of the salaries of the personnel of the Committee?

Mr. RUSSELL. I do not know about that; I do not think that issue has been presented.

Mr. MURDOCK. Nor do I know, but that was a question in my mind.

Mr. RUSSELL. I do not know how that issue could be presented or how it could come up. Until this good day the Committee have been paid out of a fund which has been made available to the President of the United States for him to expend for emergency purposes.

Mr. MURDOCK. A fund appropriated by the Congress.

Mr. RUSSELL. Oh, yes; Congress appropriated an emergency fund for the President. We cannot absolve ourselves of that, and properly we should give the President an emergency fund. If he chooses to use it to pay committees of this kind, that is his responsibility; the responsibility is not that of Congress which appropriated the funds. But when we appropriate for the Committee directly, as we are asked now to do, we approve every act it has done. When we stamp with the congressional seal every rule and regulation which the Committee has adopted, when we turn the Committee into the still broader fields that it is even now viewing in anticipation of invading after the Congress gives it the proposed appropriation, then it will be our responsibility, and I say to Senators now that if they vote for the proposed appropriation, if they let the Committee continue with the powers it has already asserted, there will be many times in the future when Senators will have occasion to regret their votes by reason of actions taken by the Committee.

Mr. President, there is no doubt from the criticism we hear from the news commentators, from the criticism we read in the newspapers, from the way that the people in the country are talking today, that the prestige of Congress is just about at as low an ebb as it ever has been in the history of the Republic. Many Members of the Congress have been somewhat bewildered by the mounting tide of criticism which is directed at this body. The charge has been made that there is a deliberate scheme to belittle if not to destroy the prestige and power of the people's representatives. I have resented this drive on Congress, and through the efforts I have made, feeble though they may have been, to bring back these congressional powers into the hands of the Congress, I have sought to avoid any basis for these charges. But if we are candid, Mr. President, we must admit that we are not altogether free from blame for this criticism. Since we have been put on trial we have offered a rather poor defense, and if we approve this provision our defense will be pitiful; in fact, if we approve the agency and legislate in this haphazard way we will plead guilty to every charge that has been made, and will stand naked and defenseless in the presence of our accusers. We have done little to demonstrate the political courage and independence in recapturing the powers of Congress which the people of the Republic have the right to expect of their sworn representatives. We will not be able forever to take refuge in excuses nor to blame on others the responsibility that lies at our own door for some of the conditions.

Mr. President, if we approve in this haphazard fashion a creature of Executive order operating in these nebulous fields and asserting the vast powers that it claims to possess, if we have not the courage to defend the legislative system

of the United States by rejecting this proposal in an appropriation bill to approve these far-reaching powers, then the Congress of the United States, and more particularly the Senate of the United States, will amply deserve any criticism and all condemnation that may be heaped upon it from any source.

Mr. MAYBANK obtained the floor.

Mr. MURDOCK. I make the point of no quorum.

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Utah for that purpose?

Mr. MAYBANK. I yield to the distinguished Senator from Utah for that purpose.

Mr. MURDOCK. I make the point that there is not a quorum present.

The PRESIDING OFFICER (Mr. McFARLAND in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

During the calling of the roll,

Mr. MURDOCK. Mr. President, I suggested the absence of a quorum at the request of the Senator from New Mexico [Mr. CHAVEZ], who was not present in the Chamber. I have since talked with him, and he has stated that if the vote is to go over until Monday, and the debate is not to be closed, he does not desire to speak this evening. So I ask unanimous consent that further proceedings in connection with the call of the roll be dispensed with.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah? The Chair hears none, and it is so ordered.

Mr. McKELLAR. Mr. President, I wish to say to the Senator from Utah that the Senator from New Mexico [Mr. CHAVEZ] is engaged in a conference in the Appropriations Committee room.

Mr. CHAVEZ entered the Chamber.

Mr. McKELLAR. I see that the Senator from New Mexico has just entered the Chamber. He and I have both been busy all afternoon in a conference.

Does the Senator from New Mexico desire to speak this afternoon?

Mr. CHAVEZ. Mr. President, I am engaged in a conference.

Mr. McKELLAR. Under the circumstances, then, Mr. President, I shall move that the Senate proceed to the consideration of executive business.

Mr. CONNALLY. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. What happened to the roll call?

The PRESIDING OFFICER. By unanimous consent, further proceedings in connection with the roll call were dispensed with.

Mr. CHAVEZ and Mr. MAYBANK addressed the Chair.

Mr. McKELLAR. Mr. President, I shall withhold my motion to proceed to the consideration of executive business.

Mr. CHAVEZ. Mr. President, it is my understanding that when the Senate takes a recess today, it will reconvene on Monday.

Mr. McKELLAR. I shall move that the Senate take a recess until 12 o'clock noon on Monday.

Mr. CHAVEZ. And the pending business will be the question which has been before the Senate this afternoon?

Mr. McKELLAR. That is true; and the Senator can speak then.

Mr. MAYBANK. Mr. President, at the conclusion of the remarks of the distinguished Senator from Georgia [Mr. Russell] he yielded the floor and I was recognized. I merely wish to make one statement.

The civil-service laws and regulations of the United States Government cover the activities of the Fair Employment Practice Committee, so far as the laws of Congress with which I am familiar can cover them. Therefore, there is no need for it. It is my opinion that this is the beginning of a drive, not for fair employment practices in the Government agencies, but to take over the employment and promotion of employees in all private agencies and private business in all the States in the United States of America.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4204) making appropriations for the Departments of State, Justice, and Commerce, for the fiscal year ending June 30, 1945, and for other purposes, and that the House still further insisted upon its disagreement to the amendment of the Senate numbered 10 to the bill.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4414) making appropriations for the legislative branch and for the judiciary for the fiscal year ending June 30, 1945, and for other purposes; that the House receded from its disagreement to the amendment of the Senate numbered 31 to the bill, and concurred therein; that the House receded from its disagreement to the amendment of the Senate numbered 35 to the bill and concurred therein with an amendment, in which it requested the concurrence of the Senate, and that the House insisted upon its disagreement to the amendment of the Senate numbered 34 to the bill.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 4899) making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1945, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. HARE, Mr. TARVER, Mr. THOMAS of Texas, Mr. ANDERSON of New Mexico, Mr. ENGEL of Michigan, Mr. KEEFE, and Mr. H. CARL ANDERSEN were

appointed managers on the part of the House at the conference.

The message also announced that the House had passed a joint resolution (H. J. Res. 298) making appropriations for grants to States under the Social Security Act, in which it requested the concurrence of the Senate.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 298) making appropriations for grants to States under the Social Security Act was read twice by its title and referred to the Committee on Appropriations.

EXECUTIVE SESSION

Mr. McKELLAR. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. McFARLAND in the chair) laid before the Senate messages from the President of the United States, which were referred to the appropriate committees or ordered to lie on the table.

(For nominations this day received and nomination withdrawn, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable report of a nomination was submitted:

By Mr. GEORGE, from the Committee on Finance:

A. Miles Pratt, of New Orleans, La., to be collector of customs for customs collection district No. 20, with headquarters at New Orleans, La. (Reappointment.)

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the calendar.

THE NAVY

The legislative clerk read the nomination of William S. Pye to be vice admiral on the retired list, when retired on July 1, 1944.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

Mr. McKELLAR. I ask that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Marine Corps are confirmed en bloc.

That concludes the calendar.

Mr. McKELLAR. I ask that the President be immediately notified of all nominations confirmed today.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

INTERNATIONAL AGREEMENT FOR THE REGULATION OF WHALING

Mr. WHITE. Mr. President, I invite attention to the fact that there are on the Executive Calendar two treaties reported from the Foreign Relations

Committee. I wonder if the chairman of the committee desires to proceed with their consideration this afternoon?

Mr. CONNALLY. I shall be very glad to have the Senate proceed with the consideration of the treaty with respect to which the Senator from Maine acted as chairman of the subcommittee.

Mr. WHITE. Mr. President, there is on the Executive Calendar Executive D, Seventy-eighth Congress, second session, a protocol signed at London on February 7, 1944, which amends in certain particulars an existing international agreement for the conservation of whales and the regulation of the whaling industry. I ask that it be laid before the Senate.

The Senate, as in Committee of the Whole, proceeded to consider the protocol, Executive D (78th Cong., 2d session), a protocol signed at London on February 7, 1944, for the United States of America, the Union of South Africa, the Commonwealth of Australia, the United Kingdom of Great Britain and Northern Ireland, Canada, New Zealand, and Norway, amending in certain particulars the international agreement for the regulation of whaling signed at London, June 8, 1937, as amended by the protocol signed at London on June 24, 1938, which was read the second time, as follows:

PROTOCOL

THE Governments of the Union of South Africa, the United States of America, the Commonwealth of Australia, the United Kingdom of Great Britain and Northern Ireland, Canada, Eire, New Zealand and Norway,

Being parties or signatories to the International Agreement for the Regulation of Whaling signed at London on the 8th June, 1937 (hereinafter referred to as the Agreement of 1937), and to the Protocol signed at London on the 24th June, 1938, introducing certain amendments into the Agreement of 1937 (hereinafter referred to as the Protocol of 1938); and

Desiring, in view of the fact that pelagic whaling operations in the area to which Article 7 of the 1937 Agreement applies have been interrupted for a considerable period by the existence of hostilities and in order to meet the present emergency without prejudicing the conservation of stocks of whales, to put into force by agreement such provisions as may be necessary with regard to pelagic whaling in this area when whaling operations are resumed there:

Have agreed as follows:—

ARTICLE 1

(i) The period fixed by Article 7 of the Agreement of 1937, during which factory ships or a whale catcher attached thereto may be used for the purpose of taking or treating baleen whales, shall be extended for the first season in which whaling operations are resumed in the area referred to in the said Article 7, so as to cover the period from the 24th November to the 24th March, both dates inclusive.

(ii) Each Government party to the present protocol shall give notice to the Government of the United Kingdom when whale factory ships registered under the law of any territory under its authority or otherwise under its jurisdiction engage in whaling operations in the area defined in Article 7 of the Agreement of 1937. The Government of the United Kingdom will inform the other Governments party to the present protocol of all notices received under this paragraph and shall itself similarly give notice to the other contract-

ing Governments if whale factory ships registered under the law of any territory under its authority or otherwise under its jurisdiction engage in whaling operations in the said area.

(iii) For the purposes of paragraph (i) of this article the first season in respect of which any notice has been given under paragraph (ii) above, shall be deemed to be the first season in which whaling operations are resumed. This season is hereinafter referred to as "the first season."

ARTICLE 2

The provisions of Article 1 of the Protocol of 1938 relating to the taking of humpback whales in any waters south of 40 degrees south latitude shall apply during the first season.

ARTICLE 3

(i) During the first season, the number of baleen whales caught in the area referred to in Article 7 of the 1937 Agreement shall not exceed 16,000 blue whale units.

(ii) For the purposes of paragraph (i) of this article, blue whale units shall be calculated on the basis that one blue whale equals—

- (a) 2 fin whales, or
- (b) 2½ humpback whales, or
- (c) 6 sei whales.

(iii) The Government of the United Kingdom shall consult all the Governments who have given notice under Article 1 (ii) of this agreement in order to arrange by co-operation and agreement the measures necessary to ensure that the total number of baleen whales caught during the first season does not exceed the number specified in paragraph (i) of this article.

ARTICLE 4

In the absence of agreement to the contrary none of the provisions of the present protocol shall operate except in the first season.

ARTICLE 5

The present protocol shall be ratified and the instruments of ratification deposited as soon as possible with the Government of the United Kingdom.

ARTICLE 6

(i) The present protocol shall be open to accession on behalf of any Government which was a party to the 1937 Agreement and has not signed the present protocol.

(ii) Accession shall be effected by means of a notification addressed to the Government of the United Kingdom.

ARTICLE 7

(i) The Government of the United Kingdom shall inform the Governments of the United States of America, Canada, Eire, Mexico, New Zealand and Norway of all ratifications of this protocol or accessions thereto.

(ii) The present protocol shall come into force as soon as ratifications or accessions have been deposited on behalf of all Governments referred to in paragraph (i) of this article and of the Government of the United Kingdom.

(iii) The ratification of or accession to the present protocol by a Government which is a signatory but not a party to the Agreement of 1937 shall not become effective until such Government becomes a party to that agreement by ratification.

In witness whereof the undersigned plenipotentiaries, being duly authorised to this effect by their respective Governments, have signed the present protocol and affixed thereto their seals.

Done at London this 7th day of February, 1944, in a single copy which shall remain deposited in the archives of the Government of the United Kingdom by whom certified copies will be transmitted to all the Governments referred to in Article 7 (i).

For the Government of the Union of South Africa:

[L. s.] DENEYS REITZ.

[L. s.] A. P. VAN DER POST.

For the Government of the United States of America:

[L. s.] LOYD V. STEERE.

For the Government of the Commonwealth of Australia:

[L. s.] S. M. BRUCE.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

[L. s.] A. T. A. DOBSON.

[L. s.] J. E. DE WATTEVILLE.

For the Government of Canada:

[L. s.] VINCENT MASSEY.

For the Government of Eire:

For the Government of New Zealand:

[L. s.] W. J. JORDAN.

For the Government of Norway:

[L. s.] BIRGER BERGERSEN.

Mr. WHITE. Mr. President, so far as I know there is no controversy with respect to this matter. The protocol was referred to a subcommittee composed of the present speaker, the Senator from Wisconsin [Mr. LA FOLLETTE], and the Senator from Iowa [Mr. GILLETTE]. The subcommittee gave such study as it could to the problems involved and to the previous agreements on the same subject, and joined in a report to the full committee. In turn the full committee unanimously reported the protocol favorably to the Senate.

In its over-all purpose—and I have already hinted at this—it is a conservation measure, designed to preserve and perpetuate the various species of whales which are found in the waters of the world. As I say, we regard it as a conservation measure. It is urged by all the departmental authorities having to do with the subject matter. The protocol was signed at London on February 7, 1944.

Unless there is a desire on the part of any Senator to discuss the question, I ask that the protocol be reported to the Senate.

THE PRESIDING OFFICER. The protocol is before the Senate as in Committee of the Whole, and open to amendment. If there be no amendment to be proposed, the protocol will be reported to the Senate.

The protocol was reported to the Senate without amendment.

THE PRESIDING OFFICER. The resolution of ratification will be read.

The legislative clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive D, Seventy-eighth Congress, second session, a protocol signed at London on February 7, 1944, for the United States of America, the Union of South Africa, the Commonwealth of Australia, the United Kingdom of Great Britain and Northern Ireland, Canada, New Zealand, and Norway, amending in certain particulars the International Agreement for the Regulation of Whaling signed at London June 8, 1937, as amended by the protocol signed at London on June 24, 1938.

THE PRESIDING OFFICER. The question is on agreeing to the resolution of ratification. [Putting the question.] Two-thirds of the Senators present concurring therein, the resolution of ratification is agreed to, and the protocol is ratified.

RECESS TO MONDAY

Mr. McKELLAR. Mr. President, if there is no other business, as in legislative session, I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 4 o'clock and 40 minutes p. m.) the Senate took a recess until Monday, June 19, 1944, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 16 (legislative day of May 9), 1944:

NATIONAL MEDIATION BOARD

Frank P. Douglass, of Oklahoma, to be a member of the National Mediation Board for the remainder of the term expiring February 1, 1946, vice William M. Leiserson.

SUPREME COURT OF PUERTO RICO

Rafael Bosch, of Puerto Rico, to be an associate justice of the Supreme Court of Puerto Rico, vice Hon. Martin Travieso, elevated.

UNITED STATES ATTORNEY FOR ALASKA

Frank C. Bingham, of Alaska, to be United States attorney for division No. 2 of Alaska, vice Charles J. Clasby, resigned.

PUBLIC UTILITIES COMMISSION OF THE DISTRICT OF COLUMBIA

J. Francis Reilly, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia for the term of 3 years from July 1, 1944.

This is to correct the nomination sent to the Senate on May 29 and confirmed on June 8, 1944.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 16 (legislative day of May 9), 1944:

IN THE NAVY

RETIRED LIST

William S. Pye to be placed on the retired list, when retired on July 1, 1944, with rank of vice admiral, pursuant to an act of Congress approved June 16, 1942.

IN THE MARINE CORPS

APPOINTMENTS IN THE MARINE CORPS

To be second lieutenants

| | |
|--------------------|-------------------------|
| Richard E. Maulsby | Grover C. Williams, Jr. |
| Alexander M. Hearn | Gerald G. Kirby |
| Frank H. Simonds | Charles E. Walker |
| Robert H. Barrow | Raoul J. Archambault |
| Earl F. Stanley | |

WITHDRAWAL

Executive nomination withdrawn from the Senate June 16 (legislative day of May 9), 1944:

IN THE ARMY

TO BE MAJOR GENERAL, ARMY OF THE UNITED STATES

Brig. Gen. Jay Ward MacKelvie.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 16, 1944

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Lord of all power and might, our failures and sins often sadden us. We pray Thee to renew a right spirit within us that our daily lives may be modeled after Thine; Thou who came not to be ministered unto but to minister. O make us more ready to extend our lengthening and protecting shadows over those who have stumbled and fallen and upon whom the sun's burning rays have fiercely beaten: "Inasmuch as ye have done it unto one of the least of these, ye have done it unto Me."

We take refuge in the hope and promise of freedom from wrong desire and peace from the fierce oppression within. Thou whose light is more than the sun and stars, whose plenitude of mercy sends the warm blood of nourishment coursing through the boundless universe, Thou art our eternal home. We pray that the Lord Jesus may be with us as our cares waste us, as the way of the world thunders at our faith and the battle goes on, leaving us sore oppressed; O we may be more than conquerors. O let us stand with the prophets who cried in the unknown land, who pled on the thunder-shaken mountain and prayed in the valley of loneliness and indecision. O fill us with Thy spirit that we may discern and have a measure of Thy royalty and be armed and guided in the path of the perfect day. In our Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 4899. An act making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1945, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McCARRAN, Mr. McKELLAR, Mr. RUSSELL, Mr. BANKHEAD, Mr. TRUMAN, Mr. WHITE, and Mr. REED to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4183) entitled "An act making appropriations for the fiscal year ended June 30, 1945, for civil functions administered by the War Department, and for other purposes."

The message also announced that the Senate further insists upon its amendments Nos. 1, 3, 5, 7, 8, and 9 to the foregoing bill, disagreed to by the House, asks a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. THOMAS of Oklahoma, Mr. HAYDEN, Mr. OVERTON, Mr. RUSSELL, Mr. BAILEY, Mr.

REYNOLDS, Mr. BRIDGES, Mr. GURNEY, and Mr. BROOKS to be conferees on the part of the Senate.

EXTENSION OF REMARKS

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend my remarks in two instances, in one to include a short editorial and in the other to include a statement received from the War Food Administration.

The SPEAKER. Is there objection? There was no objection.

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent to extend my remarks and include an editorial from the Memphis (Tenn.) Commercial Appeal.

The SPEAKER. Is there objection? There was no objection.

Mr. POULSON. Mr. Speaker, I ask unanimous consent to extend my remarks and insert two editorials and an article in the Appendix.

The SPEAKER. Is there objection? There was no objection.

Mr. KEAN. Mr. Speaker, I ask unanimous consent to extend my remarks and include an article by Arthur Krock on the effect of the Dirksen amendment which the House adopted on day before yesterday.

The SPEAKER. Is there objection? There was no objection.

Mr. JEFFREY. Mr. Speaker, I ask unanimous consent to extend my remarks and include a copy of a signed statement and copies of three affidavits.

The SPEAKER. Is there objection? There was no objection.

Mr. THOMAS of New Jersey. Mr. Speaker, I ask unanimous consent to extend my remarks and include a fine editorial on the flag published in the Pater-son (N. J.) Evening News.

The SPEAKER. Is there objection? There was no objection.

Mr. RODGERS of Pennsylvania. Mr. Speaker, I ask unanimous consent to extend my remarks and include a Flag Day address written by Senator DAVIS in my congressional district.

The SPEAKER. Is there objection? There was no objection.

Mr. LAMBERTSON. Mr. Speaker, I ask unanimous consent to extend my remarks and include an editorial on Lindbergh which appeared in the Washington Times-Herald yesterday morning.

The SPEAKER. Is there objection? There was no objection.

CALL OF THE HOUSE

Mr. SUMNERS of Texas. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Evidently no quorum is present.

Mr. COCHRAN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 92]

| | | |
|--------------|----------------|--------------|
| Arnold | Bloom | Burdick |
| Baldwin, Md. | Boren | Cannon, Fla. |
| Bell | Bradley, Mich. | Capozzoli |
| Blackney | Brumbaugh | Carrier |
| Bland | Buckley | Case |

| | | |
|-------------|-----------------|---------------|
| Colmer | Hall, | Norton |
| Costello | Leonard W. | O'Connor |
| Courtney | Harless, Ariz. | Pace |
| Cox | Harness, Ind. | Patman |
| Cravens | Hébert | Peterson, Ga. |
| Dawson | Heffernan | Pfeiffer |
| Dewey | Hoffman | Philbin |
| Dickstein | Horan | Plumley |
| Dies | Johnson, | Rabaut |
| Dirksen | Calvin D. | Reed, Ill. |
| Douglas | Johnson, | Richards |
| Drewry | Lyndon B. | Russell |
| Durham | Johnson, Okla. | Sauthoff |
| Ellis | Kee | Scott |
| Fay | Kennedy | Shafer |
| Fellows | Keogh | Smith, Maine |
| Fernandez | Kleberg | Smith, Ohio |
| Fitzpatrick | Klein | Smith Va. |
| Fogarty | Lemke | Stewart |
| Ford | Lewis | Taylor |
| Fulbright | Luca | Torrens |
| Fuller | McCord | Vincent, Ky. |
| Furlong | McGehee | Whelchel, Ga. |
| Gale | Madden | Whitten |
| Gallagher | Magnuson | Wickersham |
| Gibson | Mansfield, Tex. | Wolverton, |
| Gifford | Marcantonio | N. J. |
| Granger | Morrow | Woodrum, Va. |
| Grant, Ala. | Mills | Wright |
| Hagen | Morrison, N. C. | |
| Hale | Murdock | |

The SPEAKER. On this roll call 328 Members have answered to their names, a quorum.

Further proceedings under the call were dispensed with.

LABOR DEPARTMENT AND FEDERAL SECURITY AGENCY APPROPRIATION BILL, 1945

Mr. HARE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4899) making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1945, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The SPEAKER appointed the following conferees: Messrs. HARE, TARVER, THOMAS of Texas, ANDERSON of New Mexico, ENGEL of Michigan, KEEFE, and H. CARL ANDERSEN.

LEGISLATIVE BRANCH AND THE JUDICIARY APPROPRIATION BILL, 1945

Mr. O'NEAL. Mr. Speaker, I call up the conference report on the bill (H. R. 4414) making appropriations for the legislative branch and for the judiciary for the fiscal year ending June 30, 1945, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4414) "making appropriations for the legislative branch and for the judiciary for the

fiscal year ending June 30, 1945, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 30 and 33.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, and 29, and agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "\$2,985,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 31, 34, and 35.

EMMET O'NEAL,
JOE HENDRICKS,
ALBERT GORE,
NOBLE J. JOHNSON,
WALTER C. PLOESER,
HARVE TIBBOTT,

Managers on the part of the House.

MILLARD E. TYDINGS,
THEODORE FRANCIS GREEN,
FRANCIS MALONEY,
STYLES BRIDGES,
HAROLD H. BURTON,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4414) making appropriations for the legislative branch and for the judiciary for the fiscal year ending June 30, 1945, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Nos. 1 to 21, inclusive, relating to the Senate: Appropriates for employees and other items, as proposed by the Senate.

Nos. 22 to 26, inclusive, relating to the House: Adjusts salary of one employee; makes \$40,000 immediately available for Capitol buildings, and appropriates \$352,960 for the Senate Office Building, as proposed by the Senate, instead of \$306,955, as proposed by the House.

No. 27, relating to the United States Supreme Court: Substitutes parentheses for commas.

Nos. 28 and 29, relating to the United States Court of Appeals for the District of Columbia: Appropriates \$3,370 for repairs and improvements, as proposed by the Senate, instead of \$2,500, as proposed by the House.

No. 30, relating to the Court of Customs and Patent Appeals: Appropriates \$114,860 for the salaries of judges and other employees, as proposed by the House, instead of \$117,160, as proposed by the Senate.

No. 32, relating to salaries of clerks of courts: Appropriates \$2,985,000, instead of \$2,975,000, as proposed by the House, and \$2,995,710, as proposed by the Senate.

No. 33, relating to the probation system: Appropriates \$1,137,400 for the salaries of probation officers and their clerical assistants, as proposed by the House, instead of \$1,270,040, as proposed by the Senate.

AMENDMENTS REPORTED IN DISAGREEMENT

No. 31, relating to the United States Customs Court: Provides that traveling expenses of judges of the Customs Court shall be paid upon the written certificate of the judge, as proposed by the Senate. The managers will move to recede and concur.

No. 34, relating to individual salary schedules and to the amount of \$1,700,000 for miscellaneous salaries, as proposed by the Senate. The managers will move to recede and concur with an amendment.

No. 35, relating to the amount of \$577,000 for traveling expenses for the judiciary, as proposed by the Senate. The managers will move to recede and concur with an amendment.

EMMET O'NEAL,
JOE HENDRICKS,
ALBERT GORE,
NOBLE J. JOHNSON,
WALTER C. PLOESER,
HARVE TIBBOTT,

Managers on the part of the House.

Mr. O'NEAL. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 31: On page 56, line 4, after "\$12,500:", insert the following: "Provided, That traveling expenses of judges of the Customs Court shall be paid upon the written certificate of the judge."

Mr. O'NEAL. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 34: On page 60, line 6, after "for," strike out the following: "\$1,327,885: Provided, That the compensation of secretaries and law clerks to circuit and district judges shall be fixed by the Director of the Administrative Office of the United States Courts without regard to the Classification Act of 1923, as amended, except that the salaries of the secretaries, exclusive of temporary additional compensation, and exclusive of the differential allowed for higher living costs in the Panama Canal Zone, shall correspond with those of the assistant administrative grade (grade 7 of clerical, administrative and fiscal service): Provided further, That the annual basic compensation of the secretary to a circuit or district judge shall not (exclusive of temporary additional compensation) exceed \$3,200: And provided further, That the salaries of law clerks shall correspond with those of the assistant professional grade", and insert "\$1,700,000: Provided, That the compensation of secretaries and law clerks of circuit and district judges (exclusive of temporary additional compensation) shall be fixed by the Director of the Administrative Office without regard to the Classification Act of 1923, as amended, except that the salary of a secretary shall conform with that of the main (CAF-4), senior (CAF-5), or principal (CAF-6) clerical grade, or assistant (CAF-7), or associate (CAF-8) administrative grade, as the appointing judge shall determine, and the salary of a law clerk shall conform with that of the junior (F-1), assistant (P-2), associate (P-3), full (P-4), or senior (P-5) professional grade, as the appointing judge shall determine, subject to review by the judicial council of the circuit if requested by the Director, such determination by the judge otherwise to be final: Provided further, That (exclusive of temporary additional compensation) the aggregate salaries paid to secretaries and law clerks appointed by one judge shall not exceed \$6,500

per annum, except in the case of the senior circuit judge of each circuit and the senior district judge of each district having five or more district judges, in which case the aggregate salaries shall not exceed \$7,500."

Mr. O'NEAL. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment. The Clerk read as follows:

Mr. O'NEAL moves that the House recede from its disagreement to the amendment of the Senate No. 34, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "\$1,512,885."

Mr. O'NEAL. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, this is the only amendment that is in disagreement, and I do not believe it has any political implications nor is there any reason for a division along party lines. It is a question of what the House believes should be done with reference to the needs of the judiciary. I would like to state that the executive branch of the Government always has friends. Anything in which it is interested is always known to Congress because someone is around to explain it to Members of Congress, and somehow or other a full story comes to Congress in an effective way concerning any improvement in the service of a department or any appropriation which might be needed. We can take care of ourselves, the legislative branch of the Government. But I have a real sympathy for the judicial branch of the Government, because it seems that no one is interested in the problems of the judiciary and its minimum needs. For a long time they have had, in my opinion, a somewhat antiquated, inefficient set-up in the district judges' offices and in the courts in some cases which are not in line with modern methods. The judges have come to Congress many times for assistance, and for some reason or other very little aid is given to the judiciary. I am interested in this amendment, because I feel the request is fundamentally just and right and that the improvements asked for here will enable the judiciary to do a better job and will mean greater justice to all concerned. It is difficult to go through the whole testimony on this point in just 5 or 10 minutes, but I would like to give you the picture as nearly as I can in the short time at my disposal.

Mr. Speaker, throughout the entire United States there are 11 senior circuit judges and 47 circuit judges. There are 8 senior district judges and 188 district judges, making a total of 196 district judges in the judicial system. All of these judges have a secretary or stenographer. There are only 58 law clerks for its entire 196 district judges. So in the district courts throughout the country the office force is one girl or man, who may be a stenographer, helping the judge, and in only 58 of the 196 courts is there a law clerk to help the judge with the work that he does except where the law clerks serve more than one judge. In the appropriation bill as it was presented to the subcommittee at the be-

ginning by the Budget Bureau, there was an estimate of \$2,003,000 for the law clerks and secretaries to the judges. The committee cut that down to \$1,327,000, and the House passed it at that amount. The controversy arises in this way: The Senate made the amount \$1,700,000, and we are now making a motion to recede and concur with an amendment, not to give the \$1,700,000 for the payment of clerks, but to provide \$1,512,000. This is far less than the Budget recommendation of \$2,003,000. This will probably provide about 40 law clerks for the 196 district judges.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. O'NEAL. I will be glad to yield.

Mr. DINGELL. Mr. Speaker, the gentleman made an interesting statement about the courts as though they were orphans, or wards of the Congress, and he referred to the number of law clerks, which is less than the number of judges by far; and seemingly only stenographers are provided in each instance, and law clerks in extraordinary instances. In how many instances, might I ask my distinguished friend from Kentucky, do we find that they have masters and special masters and all other kinds of assistants, who very frequently relieve the judge from the work he himself ought to do? Has the committee gone into that question?

Mr. O'NEAL. Of course, there are bailiffs and court clerks and court reporters and other employees in the court.

Mr. DINGELL. No; I am not speaking of that.

Mr. O'NEAL. There are a lot of people around the court, but I am speaking about the offices of the judges. That is about all they have, and they need more help.

Mr. DINGELL. Will the gentleman indulge me for just a moment for just one other question? I would like to get to the bottom of this. I do not want it to appear they are entirely destitute, because they have special masters and masters and others who are constantly at their service.

Mr. O'NEAL. On a special case there may be a master, of course.

Mr. DINGELL. They do the work of some of the judges.

Mr. O'NEAL. Of course there are masters, I think everybody knows that. But I am talking about the tremendous amount of work going on in many of the offices of the district judges.

Mr. DINGELL. I think they should be relieved; I will go along with the committee on that.

Mr. TARVER. Mr. Speaker, will the gentleman yield?

Mr. O'NEAL. I yield to the gentleman from Georgia.

Mr. TARVER. Mr. Speaker, in the event the gentleman's motion is agreed to by the House would the effect be to authorize an increase of salary from \$3,500 a year to \$5,400 a year in some cases?

Mr. O'NEAL. No; I will say to the gentleman, his information on that is a little confused. It can have no such

effect, and I will explain just what it does.

Mr. TARVER. I got the information from the gentleman's clerk in the gentleman's presence just a few moments ago.

Mr. O'NEAL. Mr. Speaker, I think I can make that clear. At the present time the secretaries in the judges' offices under civil-service classification are employees at \$2,600 a year, and the law clerks are \$2,600 employees. Justice Stone is the head of the Judicial Conference. He and the senior circuit judge, Justice Groner, of the District Court of Appeals, form what is known as the Judicial Conference. They have had a committee from their number working on this for some time, and this is their recommendation. They recommend that they be allowed to grade these positions a little more intelligently. They want to grade their secretaries so that they will not only be in this \$2,600 grade, but that the grades may run from \$1,800 to \$3,500. Chief Justice Stone's committee has also, through the Judicial Conference of these circuit judges, made a recommendation that the law clerks who now have a classification similar to that of civil service of \$2,600 a year be allowed, subject to the approval of the judicial council, to have the law clerks paid from \$2,000 up to \$5,400 a year. The effect is, if you increase the amount of money which we are attempting to do in this amendment, although we have reduced it from \$2,003,000 to \$1,500,000, the judges will have a little more money to work with. But if you give them the right to change the rate of pay they may hire some at a greater rate of pay, which will mean the employment of fewer people. Or they may take all of them in at a lower grade and they could employ more. Probably the effect will be to put on a few more and to hire some new people who could not have been hired without it.

Mr. TARVER. Mr. Speaker, will the gentleman yield?

Mr. O'NEAL. I cannot yield to the gentleman right now, as I would like to get this picture clearly before the House. The gentleman from Georgia has a very mistaken idea about it.

Mr. TARVER. Mr. Speaker, I am trying to get the gentleman to clarify the situation for me.

Mr. O'NEAL. I will be glad to yield to the gentleman.

The SPEAKER. The time of the gentleman from Kentucky has expired.

Mr. O'NEAL. Mr. Speaker, I yield myself 5 additional minutes.

Mr. TARVER. Will the gentleman yield to me?

Mr. O'NEAL. I yield.

Mr. TARVER. Is it not true that under the language of the gentleman's amendment it will be possible for law clerks who are now being paid \$3,500 a year, top salary, to be paid \$5,400 per year, resulting in an increase of \$1,900 per year?

Mr. O'NEAL. That is true. It is possible that a \$2,600 employee—

Mr. TARVER. Well, that is the question I asked the gentleman originally.

Mr. O'NEAL. Now, let me answer the question. The gentleman has asked a

question and I want to answer it. It is possible to increase the salaries of some. It is also possible to decrease some to \$1,800.

Mr. TARVER. But it is possible to raise some of them as much as \$1,900 a year?

Mr. O'NEAL. Now, if the gentleman wants to take all the time, I will be glad to let him have a reasonable amount. The effect of it is this: One judge might want a secretary who is an accomplished secretary, and may want to pay him up to \$2,500 or \$3,000. I do not know what you pay your stenographer, but they should let the judge decide. If he wants an expert stenographer let him have it, if he can do better work under this new arrangement of pay. If the judge wants some lawyer to make this his life work—and these may be lifetime appointments—he can say to some older lawyer, "Now, you can work up to \$5,500 ultimately if you will come here and act as my law clerk." But today with law clerks getting the \$2,600 grade, the situation has been that the judges had to get some young lawyer just starting the practice of law, and as soon as he had experience, which was of a great deal of value to him, he would quit and the judge had to start over again.

Justice Stone and the circuit court chief justices for years have worked on this. They say we can have a much more efficient judiciary if you will let the judge decide what type of law clerk or stenographer or secretary he wishes, subject to review by the conference. If he does not have the business to support it, if his office does not require it, the judicial conference has the power to decline the request of the judge. It is not final with the judge. But he can say to the conference, "This is what I need to carry on the work in my office, and I am asking you to give this to me." But, with only 40 new law clerks to work for 196 different judges, who only have 58 law clerks now, somebody is going to have to say "No." And it will be said. But I do know that with all this increase in important business which they are having, such as condemnation suits, the work under Selective Service, the O. P. A., and other activities, certainly a volume greater than they had before the war, and when the Chief Justice of the United States comes and states through his committee, "We need this increase for the better administration of justice", and when the senior circuit judges and every circuit judge in this country are begging and pleading for us to help them out, and with nobody else to come here to make the fight for them, in my opinion it is time this Congress gave favorable consideration to this matter. In my opinion it would be justifiable to provide them with \$185,000 more in money and these new classifications so that they can administer justice better and more promptly.

Mr. HENDRICKS. Mr. Speaker, will the gentleman yield?

Mr. O'NEAL. I yield.

Mr. HENDRICKS. I think perhaps the gentleman made an error in his answer to the gentleman from Georgia [Mr.

TARVER] because, according to the classification we have set up, no clerk can immediately be raised to \$5,400.

Mr. O'NEAL. Oh, he starts in at the lower figure, but he can go higher. If he has been there a long time he can probably start in at one of the higher grades, and he should.

Mr. HENDRICKS. But he cannot get the \$5,400 to begin with?

Mr. O'NEAL. That is the top.

Mr. HARRIS of Virginia. Mr. Speaker, will the gentleman yield?

Mr. O'NEAL. I yield.

Mr. HARRIS of Virginia. In view of the gentleman's statement of the need for law clerks by these judges, is it the purpose to provide all of them with law clerks or just some selected few?

Mr. O'NEAL. There are 196 judges; 58 law clerks are now employed. We are trying to provide them with sufficient funds to give them approximately 40 more law clerks. The Judicial Conference will say where those law clerks will be used. Some may serve two or three different circuits. Some might serve just one judge. But certainly these qualified Federal judges, who are trying to do a good job, will not try to take advantage of the Government by giving everybody a law clerk, and they could not do it if they wanted to, because we provide the money for only about 40.

Mr. HARRIS of Virginia. Then we are to understand that all judges do not require law clerks?

Mr. O'NEAL. They do not want them. Some of them do not have any desire for them.

The SPEAKER. The time of the gentleman from Kentucky has again expired.

Mr. O'NEAL. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. JOHNSON].

Mr. JOHNSON of Indiana. Mr. Speaker, this is not a new matter, I am informed. The judiciary legislation has been referred to this committee for only a very short period. I have talked to members of the committee which has previously considered this legislation, and am informed that for years and years and years the judiciary has been coming before the Committee on Appropriations with requests for advances, for additional positions and things that they believe they need. I am not in a position to say that they do or do not need this. My frank opinion is that they do not especially, at this time. Our hearings developed the fact that there is less Federal litigation now than there has been in the past. The only increase was caused by some condemnation suits and by naturalization proceedings. The Government has taken practically all the land that it will take under condemnation during this war period. Most certainly the naturalization business of the court does not require any expert law clerk or anything of the sort to attend to routine naturalization proceedings.

We have a peculiar situation, and I cannot agree with the statement of the gentleman from Kentucky [Mr. O'NEAL] that the salary increase he mentioned could not be made to \$5,400, at once.

The reading of this language which has been inserted by the Senate sets up classifications for the various law clerks and for the secretaries to the judges. A reading of that will disclose plainly that these classifications are to be applied as the appointing judge shall determine. The salary of the law clerk shall conform with that of a junior, and so on, setting their classification, and it can only be set aside by action of the judicial conference, in case they are displeased with what the judge has done in raising the salaries.

Now, we have this situation: In the first place, this provides for a complete reorganization, we might term it, of the help of the judiciary, as to his law clerk, and as to his secretary. The testimony before our committee is to the effect that we have now allowed for more law clerks than they now have. So there can be no necessity at this time for providing for additional law clerks, because they have not been able to fill the number of positions that are now provided for by law.

The statement is made that if we increase the salaries of the law clerks they can get more clerks; that there is a great shortage. I will admit there is a shortage of everything in this country.

There is a shortage of labor of all sorts. Seldom does a day pass but what we read or hear of some business that has been operated successfully and profitably by the owners having to close its doors because of a shortage of manpower, and here we are called upon at this time to pass permanent legislation in an effort to take care of an emergency situation such as we have due to the war.

The SPEAKER. The time of the gentleman from Indiana has expired.

Mr. O'NEAL. Mr. Speaker, I yield 5 additional minutes to the gentleman from Indiana.

Mr. JOHNSON of Indiana. When we started hearings on this bill and when this was presented before the committee last year, Judge Vinson, now Director of Price Stabilization, was very much interested in getting this increase.

The gentleman from Kentucky said these judges have no one to speak for them. He is in error insofar as my experience is concerned, because I can say that I have had more people talk to me for this amendment than I have for any other item in an appropriation bill that has come before this body since I have been a member of the committee. They have good spokesmen, and they are working hard, but when Judge Vinson became Director of Stabilization he ceased to come before the committee because he then became charged with holding the line, not permitting wage increases, not permitting anything that would tend to bring on inflation. I asked Judge Biggs, while we were in the hearings, what this increase would do to the President's hold-the-line order. He smiled and said: "That is something that is giving us great concern." Why, of course, these employees got the same increase that every other Government

employee received. If we are going to raise these salaries there is no reason why we should not raise the salary of every other Federal employee. If we want to go on record here raising the salaries of over 3,500,000 employees, that is a policy to be determined by this House; but let us be realists, let us be consistent in our actions.

I believe we have a situation here that is unworkable. This language in this amendment provides for these increases in salaries to carry into effect the way the judges wish it done, and as provided it would require the full amount of money which was requested of the committee in the first instance. We have the situation where the item has been reduced about three-quarters, if I remember correctly; so we have proposed now about one-quarter of the total amount asked to put this into effect. How in the world anybody can administer this amendment without being given all the money required is more than I can understand. It could only be done by showing favoritism some place, giving some of the law clerks and some of the secretaries an increase and refusing it to the others. There could not be a general increase in compliance with the provisions of the amendment. It appears to me therefore that we ought to meet this issue squarely. If this is proper, if these judges are correct, if it is to be the policy of the Congress to grant these increases, then let us go all the way and do it right and give it to them. If it is wrong, if we ought to hold the line here and we ought not to pick out a special class and give them an increase and deny it to others, then that is another policy.

Mr. O'NEAL. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of Indiana. I yield.

Mr. O'NEAL. I do not follow that argument, because they now have 58 law clerks. We provide 40 more. They are already operating with 58 law clerks for 196 judges. If that is true then perhaps we should give clerks to all of them. They now have 58; we are providing for only 40 more.

Mr. O'NEAL. That is correct, but this provides for increases in salaries.

Mr. GORE and Mr. HANCOCK rose.

Mr. JOHNSON of Indiana. I must first yield to the gentleman from Tennessee [Mr. GORE].

Mr. GORE. Would it not be more correctly stated if the gentleman said that this provides a reclassification? It is not a general increase. Under this provision if the law clerk has the necessary qualifications approved by the administrative officer of the judiciary then he might get an increase.

Mr. JOHNSON of Indiana. That is correct.

Mr. GORE. But there is no automatic salary increase as a result of this bill. For instance, before a law clerk or stenographer can get \$3,800 he must comply with the rules and regulations of the Civil Service Commission and have these qualifications:

At least 5 years' experience some of which, at least 3, should be as legal secretary in-

volving responsibility, and demonstrate the ability to take rapid dictation and have capacity for difficult and responsible assignments and duties that require the exercise of independent judgment and legal training and experience as indicated.

If a law clerk or stenographer does not meet these qualifications he would not get an increase. There would be no automatic increase to \$3,800.

The SPEAKER. The time of the gentleman from Indiana has again expired.

Mr. O'NEAL. Mr. Speaker, I yield the gentleman from Indiana 2 additional minutes.

Mr. JOHNSON of Indiana. What the gentleman from Tennessee says is correct, but there is no one, surely, who questions but what these judges who are fighting so hard to get this intend to increase these salaries; of course, they do; and they could not increase them all because the amount of money is not sufficient. We are met day by day with pleas—not only here but all over the country from various boards appointed by the President—to hold the line, to stabilize conditions, to stop increases. Even the man who wants to increase the salary of a loyal, trusted employee of 50 years' service must first go to the War Labor Board to get authority to make the increase. We here in Congress can break the whole line by adopting this provision looking toward a general increase. If we grant it in this instance we know from experience we have got to make more and more exceptions. If we grant this increase we might just as well establish the policy that we are going into a general increase of salaries. Or are we going to say that this is a temporary situation brought about by the war and we are going to insist on holding this line and stop increases?

There is no doubt from the testimony of these judges that they want the law clerks to be career men; that is their idea. They wanted to fix the salaries high enough to attract lawyers to accept the position of law clerks with the idea of making it their life's work.

Mr. GORE. Mr. Speaker, will the gentleman yield further?

Mr. JOHNSON of Indiana. I promised to yield to the gentleman from New York [Mr. HANCOCK]. I yield to the gentleman from New York.

Mr. HANCOCK. Is it not true that Congress has authorized the appointment of law clerks for every district?

Mr. JOHNSON of Indiana. I do not believe it is true for every district.

Mr. HANCOCK. And the Appropriations Committee has seen fit to appropriate for only 58.

Mr. JOHNSON of Indiana. No; that is not true. The Appropriations Committee has appropriated for all law clerks that are authorized. All the positions of law clerk that are authorized are not filled. I do not know how many vacancies exist, but quite a few.

Mr. HANCOCK. The gentleman is saying the same thing: We have not filled the vacancies in the offices that have been created.

The SPEAKER. The time of the gentleman from Indiana has again expired.

Mr. O'NEAL. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. PLOESER].

Mr. PLOESER. Mr. Speaker, I believe the argument against this motion to recede with an amendment can be summed up in this way: In the first place, all these employees of the court have had the general increase that every employee of the Government has had. In the second place, it is contrary to the President's hold-the-line order; it is contrary to the professed intention of the Office of Economic Stabilization. The very man who a year or more ago came before the Appropriations Committee and asked for this, Judge Vinson, now has the job of holding the line. He did not come before the committee this year.

It was brought out in the testimony that these judges have had extreme difficulty getting employees, and it is very doubtful whether they can fill the 40 positions that would hereby be made permissible. Then why appropriate for them? I see no reason why we should make an extension at this time with this particular classification of employee because I can see readily what is going to happen: Other departments, other branches of the Government are going to come in and ask for similar exceptions.

The judges have asked for and been granted by the Senate amendment a provision which is identical to the provision in the law which provides for secretarial aid for the Members of Congress.

It is very obvious it was not thought out on any mathematical basis of need. The reason they have arrived at the \$6,500 for each one of these judges is because they knew that such provision paralleled the law in regard to Members of Congress. Apparently they hoped we would not be able to say no to them because their request was similar to our own practice here, yet I see nothing parallel in the two situations. Testimony made it very plain that there was an intention to increase a number of salaries in addition to obtaining new employees. There is no need now for any of us to protest that that is not the intention when we know very plainly it is.

The House has gone on record on this before. The Appropriations Committee has gone on record on this before. Your Appropriations Committee took it out of the House bill and it has been put back in by amendment in the other body. The motion to recede and concur with an amendment is even a poor compromise. The thing it attempts to help is virtually defeated by virtue of the fact it cuts the amount of the appropriation so that accomplishment at best would fall short of the goal.

When the war is over I for one favor the Appropriations Committee reviewing this judicial situation most thoroughly. There will be the time to rearrange personnel and salaries.

My hope is that the House will defeat the motion to recede and concur with an amendment, so that a motion to further insist on the House position may be offered.

Mr. O'NEAL. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Speaker, I rise in support of the position assumed by the gentleman from Indiana [Mr. JOHNSON] in opposition to the motion offered by the chairman of the conferees.

There is involved here, as has been stated, a question of policy. My particular interest in the question is that it involves further consideration of the agricultural appropriation bill to come before the House again on Monday next and in which there is pending a proposal to increase by \$996,000 the salaries of the field employees of the Bureau of Animal Industry. I say to you frankly that if the House upon consideration of this motion today decides to increase the salaries of these law clerks to Federal judges I shall abandon any opposition on my part to the proposal to increase the salaries of the field employees of the Bureau of Animal Industry because I consider the proposals to be of one piece. It is simply a question of whether or not we shall in this time of emergency undertake to give further increases beyond the 21.6 percent increase which has been granted by the Overtime Pay Act of 1943 to any particular class or type of Government employees.

If you do this then you will have scores of similar proposals coming before you in regular order and at no very distant date. You will not be able to hold the line against any of them because your action here, if justifiable, could be duplicated in scores of cases without violating the principle which you here establish if you adopt this motion today.

Mr. PLOESER. Will the gentleman yield?

Mr. TARVER. I yield to the gentleman from Missouri.

Mr. PLOESER. It seems to me the gentleman has stated what I maintained a moment ago but in probably a better manner, that is, that to open this gate here is in effect permitting pressure from other Government departments for the same sort of treatment.

Mr. TARVER. It will probably cost the Government scores of millions of dollars before we get through, because every organization of Government employees will have some argument to present here to show that they should have an increase in salary. This would be the beginning of a flood of such requests if you approve this motion.

Mr. O'NEAL. Will the gentleman yield?

Mr. TARVER. I yield to the gentleman from Kentucky.

Mr. O'NEAL. Does not the gentleman feel that the other Government employees are under civil service, and, therefore, get promotions in that manner, while we have to do this for the judiciary because they are not under civil service? The only way they can get new people, the only way they can get increases is for the Congress to give it to them.

Mr. TARVER. It all gets down to the question of whether or not one group of employees can come in and say that they need additional money for their services, that their services are of a character

which justifies the payment of higher salaries, whether under the civil service or not. If they can convince the Congress of that and if you establish this precedent, you will have to grant other requests if similarly justified. You will not have any reason to turn them down. Or you can say, "We have already granted you a 21.6 percent increase by the Overtime Pay Act of 1943 just as we have all other Government employees and if you are not getting as much as you think you ought to have, wait until the war is over, wait until after the pressure upon the financial resources of the Government is relieved before you ask for more money." Let us suggest to them that they make a little sacrifice, that a little sacrifice be made on the part of the \$3,500 employee who does not get an increase of \$1,900 here proposed, that he make a little sacrifice and consider the sacrifices that are being made by the men in the armed forces and millions of other people in America today and get along on this increase of 21.6 percent that he has had in the last year and wait until after the war is over before asking for more pay.

If you grant this increase to the clerks to the district and circuit court judges today you must grant it for these field inspectors in the Bureau of Animal Industry and then next week other groups of employees will come in and if you grant this you might as well grant them all. So far as I am concerned, as I stated before, if you grant this I shall certainly withdraw any opposition which I have manifested heretofore to the proposed increase in the salaries of the field employees of the Bureau of Animal Industry.

When this came before the Appropriations Committee there was merely a salary raise proposed. Remember, this reclassification business has been brought in here by Senate amendment, patently confusing to anyone who undertakes to get at the merits of the proposition, but while the bird is here in new feathers, it is the same old bird. It is nothing in the world but an increase in salaries for these law clerks to circuit and district judges. Reclassification is mere camouflage.

The SPEAKER. The time of the gentleman has expired.

Mr. O'NEAL. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. WALTER].

Mr. WALTER. Mr. Speaker, I hope that the motion offered by the gentleman from Kentucky will be agreed to. About 8 or 9 years ago the Committee on the Judiciary considered, after holding very lengthy hearings, the advisability of providing law clerks, not for a few of the judges but for all of the judges. Thereafter on two or three occasions members of the Judiciary Committee appeared before the Appropriations Committee and sought to have that made possible—the carrying out of the provisions of the law. The Appropriations Committee felt that there were some instances, and I agreed with them, where Federal judges did not need law clerks, but bear in mind that as the business of a district increases in order to properly dispose of that business we are going to have to provide additional judges unless we are sensible and

make possible relieving that judge of a great deal of routine work.

When you create a judge you have created a constitutional office. You cannot remove that judge except for misconduct on his part, but when you provide clerks for the judges you have created the sort of position that can be terminated at the very next session of the Congress.

Mr. KEFAUVER. Will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Tennessee.

Mr. KEFAUVER. The thing that concerns me is that in the bill being sponsored by gentlemen here today covering contract terminations, the judges are going to have a great deal more work to do, and it will be work that will require very careful consideration, such as accounting and analysis by very capable law clerks; so it seems to me it would be the part of wisdom, I will say of economy, to provide them with capable men to help look after the duties they are going to have under this contract-termination bill which we hope will be passed by the House today.

Mr. WALTER. The gentleman is correct. Those of you who have practiced law know full well that in order for a judge to reach a decision he has a great deal of research work to do. He has to run down the authorities, the type of work that can be done by a law clerk, and it certainly seems to me that from the standpoint of economy, if you please, we ought to agree to this amendment.

Furthermore, the clerks that are provided are appointed on the recommendation by the Administrative Office of the Courts, an office that was created by the Congress a few years ago. Before that officer makes a recommendation there is a conference. There is an annual conference of senior circuit judges at which all of the business of the courts in the circuit that they represent is discussed. At those conferences it is determined whether or not a judge is in need of a clerk, and it certainly seems to me the thing to do is to give him that help so that we do not have to create more judges.

Another thing: We are not giving raises to clerks. What we are actually doing, if this amendment is adopted, is to eliminate the unfair position these clerks now occupy. We are giving to them the same privileges that are given to all other lawyers in the Federal service that come under the civil-service law. This is not an attempt to raise salaries. This is an attempt to eliminate the discrimination that now exists against a hard-working group of Federal employees.

Mr. HARRIS of Arkansas. Mr. Speaker, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Arkansas.

Mr. HARRIS of Arkansas. In fact, does it not give an opportunity for the judges to provide themselves with adequate law clerks who can do the job that they are supposed to do for them, and help out the inexperienced man, so that when he does become qualified to do that work he can go out in some other field and be employed in some law office on the outside?

Mr. WALTER. Of course, that is what is happening every day. As soon as a law clerk becomes efficient he seeks another connection and leaves, and gets a job with some firm practicing law.

Mr. O'NEAL. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. HANCOCK].

Mr. HANCOCK. When Congress passed the act a few years ago authorizing the appointment of law clerks for Federal judges, it indicated that in our considered judgment those who need them should have them. We are now told by the only competent authority to judge, the judicial conference, that a number of additional law clerks are needed. The Committee on Appropriations has the audacity, it seems to me, to veto the action of Congress and the judicial conference.

The gentleman from Missouri stated that there were no qualified men willing to accept these jobs which the judicial conference told us are needed for the proper administration of justice and he asks us why. The question answers itself, because the compensation offered is not sufficient to attract competent men.

This essentially is not a pay-increase bill, let me emphasize that again, as some of the preceding speakers have indicated. Under the present set-up, a competent or incompetent, experienced or inexperienced clerk receives the same fixed amount. There is no incentive for an ambitious young man to take a position as law clerk. His maximum is fixed before he starts. The hope of the gentleman from Kentucky, and those who agree with him, is that we can apply a scientific schedule of remuneration to the employees of the Federal courts analogous to the classifications and schedules of salary used in fixing the compensation of civil-service employees. They would start at low salaries, and if they qualify for advanced ratings, they would get increased salaries. That is intelligent. That is sound. That is the way it ought to be, and that is the only way you can attract good people. It has been intimated that the business of the Federal courts is decreasing. That is not so. Very soon you will find the courts flooded with fraud cases, both criminal and civil. You will find many cases growing out of contract termination, and I greatly fear we will have a great deal of bankruptcy and equity receiverships.

I hope, at least, that some of the gentlemen on my side will vote to concur with the gentleman from Kentucky on his motion. An adequate number of law clerks receiving reasonable compensation will improve the administration of justice. It is poor economy to deny the courts the funds they need.

Mr. O'NEAL. Mr. Speaker, I yield to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Speaker, we note with pleasure the presence in the House this morning of our former colleague, Judge John J. Fitzgerald, of New York.

Judge Fitzgerald has the remarkable record of having voluntarily retired from

Congress at a time when he was unquestionably one of the three leading Members of the House, and when he could have remained in Congress for the rest of his life, had he so desired. He is, in my opinion, the greatest man who ever served as chairman of the Committee on Appropriations, from Thaddeus Stevens, the first chairman of the committee, down to the present time. He was acknowledged and considered to be, with the possible exception of James R. Mann, of Illinois, the ablest parliamentarian who ever served in this House.

Since his retirement he has been making a great deal more money, having a much better time, doing less work, and getting a great deal more comfort, satisfaction, and enjoyment out of life than he ever did in the House. He has 4 sons in the armed forces today and 16 grandchildren, a crown of glory which I envy him more than all the years and honors of his long and distinguished career.

We welcome him back to the scene of his former labors, where he rendered such eminent service to the Nation, and congratulate him that he is, to all appearances, as young today in body and in spirit as he was the day he left. [Applause.]

Mr. O'NEAL. Mr. Speaker, I yield 5 minutes to the gentleman from Florida [Mr. HENDRICKS].

Mr. HENDRICKS. Mr. Speaker, I do not know how I might proceed to impress upon the Members of this House the necessity for providing the district judges with law clerks, if they need them.

I would like to give you a little history of this. The subject was not new to the Subcommittee on Appropriations for the Judiciary. When I first went on this committee the question had been brought before us. Chief Justice Stone had appointed a committee of judges to work out this problem, and bring back a report before the Subcommittee on the Judiciary. We went downtown and met with this committee. At that time we suggested that they bring a program before us, and we gave them reasonable assurance that we would give it careful consideration. We have given it a great deal of consideration, but there is some disagreement.

I want to say that a great deal of error has crept into the debate here today. The gentleman from Indiana inferred that we had made appropriations for additional law clerks and that they have not hired those. There may be a reason for that, because under that appropriation they can only hire a law clerk for \$2,600. They had no classification at the time.

The law firms of this country have been raiding the courts of the United States, taking men who are qualified, to become members in law firms. Some of these judges have admitted to us that they cannot hire law clerks, and the reason given was that as soon as one of their law clerks had served with them for a while, along would come a law firm and raid their courts and take their clerks away from them.

From some of the decisions that I have seen rendered in the past, I am certainly of the opinion that we should not take away from these judges anybody that can help them render a fair and just decision in these courts.

Let me say in regard to the appropriation that we are making, and the classification we are setting up here, and to those who contend that this is unfair to other departments of the Government, that that is not true, because under the Civil Service Act civil-service employees are automatically promoted, but it is left in the hands of the judge for whom the clerk is serving as to when he will promote him. They cannot start at any \$5,400 a year. They can, if they are qualified, and the judge wishes to do so, start at \$4,600 a year, I believe, and from there on they will never reach \$5,400 unless they so handle themselves that their judge recommends their promotion.

We should remember one thing, that every department of this Government and every bureau, which we are usually ready to criticize, can have their men out here in the lobbies. When we were working on the O. P. A. bill the other day some of the staff of the O. P. A. were sitting right in these galleries watching and appearing very gleeful when certain amendments were defeated and downcast when others were adopted. Any other organization can do that.

I still say that the courts of this country have no representation in the Congress of the United States unless we are willing to act for them. They have no one they can send here to "politic" for them, if I may say that.

Chief Justice Stone of the Supreme Court of the United States wanted this committee to go into this matter. The committee went into the matter, and we heard them. The \$185,000 is far less than the Budget recommended and far less than that committee recommended. Chief Justice Stone came to the Senate hearings and asked for this money himself.

We shall be in a very bad position if we do not provide these clerks for the courts where they need them, because due to diversity of citizenship and for other reasons the load of every court in this country is going to increase.

Mr. O'NEAL. Mr. Speaker, I yield myself the balance of the time.

Mr. Speaker, in closing may I remind the House that the Chief Justice of the United States and certain ranking judges of the United States, including those of the District of Columbia, have made this request. They have been working on this matter for 2 or 3 years. To me, and to the majority of the committee, this has seemed to be a fair, logical, and reasonable request. I trust that the House will give it the support it deserves.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion offered by the gentleman from Kentucky that the House recede and concur with an amendment.

The question was taken; and the Chair being in doubt, the House divided; and there were—ayes 53, noes 43.

Mr. H. CARL ANDERSEN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—ayes 159, nays 183, not voting 88, as follows:

[Roll No. 93]

YEAS—159

| | | |
|-------------------|---------------------|----------------|
| Allen, La. | Hoch | Peterson, Fla. |
| Anderson, N. Mex. | Hollifield | Pittenger |
| Barden | Howell | Poulson |
| Barrett | Izac | Price |
| Barry | Jackson | Priest |
| Bates, Ky. | Jarman | Ramey |
| Beckworth | Jennings | Ramspeck |
| Bennett, Mich. | Johnson, J. Leroy | Rankin |
| Bland | Johnson, Reed, Ill. | Reed, Tenn. |
| Boykin | Lyndon B. | Reed, Ill. |
| Bradley, Pa. | Kean | Rivers |
| Brooks | Kee | Robinson, Utah |
| Bryson | Kefauver | Rolph |
| Bulwinkle | Kelley | Rooney |
| Burch, Va. | Kerr | Rowan |
| Burchill, N. Y. | Kilburn | Sabath |
| Byrne | Kilday | Sadowski |
| Chapman | King | Sasser |
| Clark | Kinzer | Satterfield |
| Cochran | Kirwan | Scanlon |
| Coffee | Kunkel | Schiffner |
| Colmer | LaFollette | Sheridan |
| Compton | Lane | Simpson, Ill. |
| Cooley | Lanham | Simpson, Pa. |
| Courtney | Larcade | Smith, W. Va. |
| Cravens | Lea | Snyder |
| Crosser | Lesinski | Somers, N. Y. |
| Davis | Ludlow | Sparkman |
| Dawson | Lynch | Spence |
| Dingell | McCormack | Stanley |
| Eberhart | McKenzie | Starnes, Ala. |
| Engle, Calif. | McMillan | Summers, Tex. |
| Feighan | McMurray | Talbot |
| Fellows | McWilliams | Thomas, Tex. |
| Fernandez | Mahon | Thomason |
| Forand | Mansfield, Mont. | Tolan |
| Gamble | May | Towe |
| Gearhart | Merritt | Troutman |
| Gordon | Miller, Conn. | Vincent, Ky. |
| Gore | Miller, Pa. | Vinson, Ga. |
| Gorski | Monkiewicz | Walter |
| Graham | Monroney | Weaver |
| Grant, Ala. | Morrison, La. | Weiss |
| Green | Mruk | Welch |
| Gregory | Murphy | Wene |
| Halleck | Myers | West |
| Hancock | Newsome | White |
| Harris, Ark. | Norton | Wickersham |
| Harris, Va. | O'Brien, Ill. | Willey |
| Hart | O'Brien, Mich. | Worley |
| Hays | O'Neal | Zimmerman |
| Hébert | O'Toole | |
| Hendricks | Outland | |
| Hobbs | | |

NAYS—183

| | | |
|-------------------|----------------|--------------|
| Abernethy | Brown, Ohio | Curtis |
| Allen, Ill. | Buck | D'Alesandro |
| Andersen, H. Carl | Buffett | Day |
| Anderson, Calif. | Burgin | Dewey |
| Andresen | Busbey | Dilweg |
| August H. | Butler | Disney |
| Andrews, Ala. | Camp | Dondero |
| Andrews, N. Y. | Canfield | Doughton |
| Angeli | Cannon, Mo. | Durham |
| Arends | Carlson, Kans. | Dworschak |
| Auchincloss | Carrier | Eaton |
| Baldwin, Md. | Carson, Ohio | Elliot |
| Baldwin, N. Y. | Case | Ellison, Md. |
| Bates, Mass. | Chenoweth | Ellsworth |
| Beall | Chiperfield | Elston, Ohio |
| Bender | Church | Engel, Mich. |
| Bennett, Mo. | Clason | Fenton |
| Bishop | Clevenger | Fish |
| Bolton | Cole, Mo. | Fisher |
| Bonner | Cole, N. Y. | Flannagan |
| Brehm | Cooper | Folger |
| Brown, Ga. | Crawford | Fulmer |
| | Cunningham | Gale |

| | | |
|--------------------|----------------|-----------------|
| Gathings | Kearney | Robertson |
| Gavin | Keefe | Robison, Ky. |
| Gerlach | Knutson | Rockwell |
| Gilchrist | Lambertson | Rodgers, Pa. |
| Gillespie | Landis | Rogers, Mass. |
| Gillette | LeCompte | Rohrbough |
| Gillie | LeFevre | Rowe |
| Goodwin | Luce | Sauthoff |
| Gossett | McConnell | Schwabe |
| Grant, Ind. | McCowan | Scribner |
| Griffiths | McGregor | Short |
| Gross | McLean | Slakes |
| Gwynne | Maas | Smith, Maine |
| Hall | Maloney | Smith, Va. |
| Edwin Arthur | Manasco | Smith, Wis. |
| Hare | Martin, Iowa | Springer |
| Heldinger | Martin, Mass. | Stefan |
| Herter | Mason | Stevenson |
| Hess | Michener | Stigler |
| Hill | Miller, Mo. | Stockman |
| Hinshaw | Miller, Nebr. | Summer, Ill. |
| Hoeven | Mott | Sundstrom |
| Hoffman | Mundt | Taber |
| Holmes, Mass. | Murray, Tenn. | Talle |
| Holmes, Wash. | Murray, Wis. | Tarver |
| Hope | Norman | Tibbott |
| Hull | Norrell | Vorys, Ohio |
| Jeffrey | O'Brien, N. Y. | Vursell |
| Jenkins | O'Hara | Wadsworth |
| Jensen | O'Konski | Ward |
| Johnson, Anton J. | Patton | Wasielewski |
| Johnson, Calvin D. | Ploesser | Weichel, Ohio |
| Johnson, Ind. | Poage | Whittington |
| Johnson, Luther A. | Pracht | Wigglesworth |
| Johnson, Ward | C. Frederick | Wilson |
| Jones | Pratt | Winstead |
| Jonkman | Joseph M. | Winter |
| Judd | Randolph | Wolcott |
| | Reed, N. Y. | Wolfenden, Pa. |
| | Rees, Kans. | Woodruff, Mich. |
| | Rizley | |

NOT VOTING—88

| | | |
|----------------|-----------------|------------------|
| Arnold | Furlong | Murdock |
| Bell | Gallagher | O'Connor |
| Blackney | Gibson | Pace |
| Bloom | Gifford | Patman |
| Boren | Granger | Peterson, Ga. |
| Bradley, Mich. | Hagen | Pfeifer |
| Brumbaugh | Hale | Philbin |
| Buckley | Hall | Phillips |
| Burdick | Leonard W. | Plumley |
| Cannon, Fla. | Harless, Ariz. | Powers |
| Capozzoli | Harness, Ind. | Rabaut |
| Carter | Hartley | Richards |
| Celler | Heffernan | Russell |
| Costello | Horan | Scott |
| Cox | Johnson, Okla. | Shafer |
| Curley | Kennedy | Slaughter |
| Delaney | Keogh | Smith, Ohio |
| Dickstein | Kleberg | Stearns, N. H. |
| Dies | Klein | Stewart |
| Dirksen | Lemke | Sullivan |
| Douglas | Lewis | Taylor |
| Drewry | McCord | Thomas, N. J. |
| Ellis | McGehee | Torrens |
| Elmer | Madden | Treadway |
| Fay | Magnuson | Whelchel, Ga. |
| Fitzpatrick | Mansfield, Tex. | Whitten |
| Fogarty | Marcantonio | Wolverton, N. J. |
| Ford | Morrow | Woodrum, Va. |
| Fulbright | Mills | Wright |
| Fuller | Morrison, N. C. | |

So the motion was rejected.
The Clerk announced the following pairs:

On this vote:

Mr. Keogh for, with Mr. Gifford against.
Mr. Heffernan for, with Mr. Arnold against.
Mr. Bloom for, with Mr. Taylor against.
Mr. Torrens for, with Mr. Hale against.
Mr. Celler for, with Mr. Fuller against.
Mr. Kennedy for, with Mr. Elmer against.
Mr. Delaney for, with Mr. Shafer against.
Mr. Dickstein for, with Mr. Douglas against.

General pairs:

Until further notice:

Mr. Buckley with Mr. Dirksen.
Mr. Mansfield of Texas with Mr. Powers.
Mr. Capozzoli with Mr. Blackney.
Mr. Harless of Arizona with Mr. Smith of Ohio.
Mr. Fay with Mr. Plumley.
Mr. Whitten with Mr. Scott.
Mr. Fitzpatrick with Mr. Hartley.
Mr. Fulbright with Mr. Bradley of Michigan.
Mr. Klein with Mr. Wolverton of New Jersey.

Mr. Fogarty with Mr. Brumbaugh.
Mr. Pfeifer with Mr. Lewis.
Mr. Mills with Mr. Leonard W. Hall.
Mr. McCord with Mr. Merrow.
Mr. Madden with Mr. Gallagher.
Mr. Rabaut with Mr. Harness of Indiana.
Mr. Peterson of Georgia with Mr. Treadway.
Mr. Ford with Mr. Ellis.
Mr. Philbin with Mr. Phillips.
Mr. Curley with Mr. Thomas of New Jersey.
Mr. Drewry with Mr. Lemke.
Mr. Pace with Mr. Horan.
Mr. Wright with Mr. Stearns of New Hampshire.
Mr. Woodrum of Virginia with Mr. Burdick.
Mr. Bell with Mr. Carter.
Mr. Magnuson with Mr. Marcantonio.

The result of the vote was announced as above recorded.

Mr. O'NEAL. Mr. Speaker, I move that the House further insist on its disagreement to the amendment of the Senate No. 34.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 35: Page 62, line 7, strike out "\$550,000" and insert "\$577,000."

Mr. O'NEAL. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate No. 35 and agree to the same with an amendment.

The Clerk read as follows:

Mr. O'NEAL moves that the House recede from its disagreement to the amendment of the Senate No. 35 and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$563,500."

The motion was agreed to.

On motion of Mr. O'NEAL, a motion to reconsider the votes by which action was taken on the several motions was laid on the table.

DEFICIENCY APPROPRIATION BILL

Mr. CANNON from the Committee on Appropriations reported the following bill (H. R. 5040) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1944, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1944, and June 30, 1945, and for other purposes (Rept. No. 1660), which was referred to the Union Calendar and ordered printed.
Mr. MARTIN of Massachusetts reserved all points of order against the bill.

GRANTS TO STATES UNDER SOCIAL SECURITY ACT

Mr. HARE. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Joint Resolution 298 making appropriations for grants to States under the Social Security Act.

The Clerk read the title of the joint resolution.

Mr. TABER. Mr. Speaker, reserving the right to object, will the gentleman explain the resolution?

Mr. HARE. Under a policy of the Social Security Board it is necessary to make allocation of grants to the several States prior to the beginning of each quarter. In fact, they say it is necessary to make them before June 20 for the first

quarter of the fiscal year, and since the funds are carried in the appropriation bill now pending, it is necessary to make the funds available by special resolution. It has been handled this way annually for a number of years. It requires no extra appropriation, for the amount used will be taken out of the appropriation bill for the agency now before the committee—a bill which probably will be acted upon by the House and Senate in a few days, but not in time to make the allocation to the States for old-age assistance and to the blind, needy, and so forth.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. HARE. I yield.

Mr. H. CARL ANDERSEN. I merely wish to state that the minority members of our subcommittee are in full agreement with the gentleman from South Carolina on the issue.

Mr. HARE. I understand so; yes. The gentleman from Michigan [Mr. ENGEL], ranking minority member, is present. He can state whether there is any opposition.

Mr. ENGEL of Michigan. There is no opposition. Similar bills have been passed regularly year after year making these funds available.

The SPEAKER. Is there objection to the present consideration of the resolution?

There being no objection, the Clerk read the resolution, as follows:

Resolved, etc., That there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for making for the first quarter of the fiscal year 1945 (1) grants to States for assistance to aged needy individuals, needy dependent children, and needy individuals who are blind, as authorized in titles I, IV, and X, respectively, of the Social Security Act approved August 14, 1935, as amended; and (2) grants to States for unemployment compensation administration: *Provided*, That the obligations incurred and expenditures made for each of such purposes under the authority of this joint resolution shall be charged to any appropriations therefor in the Labor-Federal Security Appropriation Act, 1945.

The resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

STATE, JUSTICE, AND COMMERCE APPROPRIATION BILL, 1945—FURTHER CONFERENCE REPORT

The SPEAKER. The Chair recognizes the gentleman from North Carolina [Mr. KERR].

Mr. KERR. Mr. Speaker, I call up the conference report on the bill (H. R. 4204) making appropriations for the Departments of State, Justice, and Commerce, for the fiscal year ending June 30, 1945, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The Clerk read the statement of the managers on the part of the House.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 4204) "making appropriations for the Departments of State, Justice, and Commerce, for the fiscal year ending June 30, 1945, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective House as follows:

Amendment Numbered 12: That the House recede from its disagreement to the amendment of the Senate Numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$3,915,000"; and the Senate agree to the same.

Amendment Numbered 13: That the House recede from its disagreement to the amendment of the Senate Numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$150,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendment numbered 10.

LOUIS C. RABAUT,
JOHN H. KERR,
BUTLER B. HARE,
THOMAS J. O'BRIEN,
ALBERT E. CARTER,
KARL STEFAN,

Managers on the part of the House.

KENNETH MCKELLAR,
RICHARD B. RUSSELL,
TOM CONNALLY,
WALLACE H. WHITE, Jr.,
CLYDE M. REED,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the further conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4204) making appropriations for the Departments of State, Justice, and Commerce, for the fiscal year ending June 30, 1945, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendments Nos. 12 and 13: Appropriates \$3,915,000 for establishment of air-navigation facilities, Department of Commerce, instead of \$3,765,000, as proposed by the House, and \$4,715,000, as proposed by the Senate, and provides that not to exceed \$150,000 shall be available for the establishment of landing areas, instead of \$950,000, as proposed by the Senate.

AMENDMENT REPORTED IN DISAGREEMENT

Amendment No. 10: Relating to the next quinquennial census of agriculture, authorized by law, and under the Department of Commerce. The managers will move to recede and concur.

LOUIS C. RABAUT,
JOHN H. KERR,
BUTLER B. HARE,
THOMAS J. O'BRIEN,
ALBERT E. CARTER,
KARL STEFAN,

Managers on the part of the House.

Mr. KERR. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to. A motion to reconsider was laid on the table.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows; Amendment No. 10: On page 59 of the bill after line 3 insert:

Census of agriculture: For all expenses necessary for preparing for, taking, compiling, and publishing the quinquennial Census of Agriculture of the United States, including the employment by the Director, at rates to be fixed by him, of personnel at the seat of government and elsewhere without regard to the civil-service and classification laws; books of reference, newspapers, and periodicals; construction of tabulating machines; purchase, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles; travel expenses, including expenses of attendance at meetings concerned with the collection of statistics, when incurred on the written authority of the Secretary; printing and binding; \$7,250,000, to be available until December 31, 1946, and to be consolidated with the appropriation "Census of Agriculture" contained in the First Supplemental National Defense Appropriation Act, 1944.

Mr. KERR. Mr. Speaker, I move that the House recede and concur.

The Clerk read as follows:

Mr. KERR moves that the House recede from its disagreement to the amendment of the Senate No. 10 and agree to the same.

Mr. JONES. Mr. Speaker, I ask for a division of the question.

The SPEAKER. The gentleman may have that. The question is divisible.

The question is on the motion that the House recede from its disagreement to the Senate amendment.

The motion was agreed to.

Mr. JONES. Mr. Speaker, I offer a preferential motion.

The Clerk read as follows:

Mr. JONES moves that the House recede from its disagreement to the amendment of the Senate No. 10 and agree to the same with an amendment as follows: At the end of the Senate amendment insert "Provided, That no other bureau, agency, or independent establishment of the Federal Government shall collect agricultural information or statistics from farmers or agricultural industries for a period of 2 years from the date of this act without a specific appropriation for the gathering of such statistics or information."

Mr. TARVER. Mr. Speaker, a point of order.

Mr. JONES. Mr. Speaker, will the gentleman withhold the point of order?

Mr. TARVER. Mr. Speaker, I do not see any reason why it should be withheld. The gentleman's motion is clearly out of order and I do not see any reason why the point of order should be reserved.

Mr. Speaker, I submit the point of order that the language of the proviso which is offered in the motion of the gentleman from Ohio [Mr. JONES] is not germane to the provision made in the Senate amendment under consideration; further, that the language of this proviso is legislative in character and is out of order in the consideration of an appropriation bill.

It proposes to make limitations upon the expenditures of funds not carried in this particular item of appropriation but upon funds appropriated to any other

bureau, agency, or independent establishment of the Federal Government whether funds therefor are carried in the pending bill or not.

I therefore insist that it is not germane to the Senate amendment and further that it is legislative in character.

The SPEAKER. Does the gentleman from Ohio [Mr. JONES] desire to be heard?

Mr. JONES. Mr. Speaker, I think the amendment is a limitation upon this provision in the Senate amendment and a limitation upon an appropriation bill. It limits the scope of what it may be used for and limits who may use the information.

The Senate amendment is broad and comprehensive in the subject matter it covers. It is comprehensive in the compilation and in the publishing of census and agricultural information from farmers and from agricultural industries. The sky is the limit as far as information is concerned that the Census Bureau will collect from the agricultural industries and from the farmers.

This limitation that my motion will put upon the Senate amendment merely limits the amount and how these bureaus and agencies are to use it and I think, therefore, it is germane to the Senate amendment.

Mr. TABER. Mr. Speaker, may I be heard?

The SPEAKER. The Chair will hear the gentleman.

Mr. TABER. Mr. Speaker, it seems to me that the amendment is clearly germane in that in providing for a census of agriculture it is clearly in order to provide by amendment that no other census of agriculture or the gathering of information of that same type shall be permitted in any other place. It seems to me that when we are providing for that it is clearly germane that we should do that and on that basis it would seem to me that the amendment is clearly in order.

The SPEAKER. The Chair is prepared to rule.

The Senate amendment provides for a specific amount of money for a specific purpose. The motion offered by the gentleman from Ohio [Mr. JONES] is clearly not a limitation on the expenditure of money or on the action of the Department in taking a census; therefore, the Chair sustains the point of order in that the motion is not germane.

The question is on the motion offered by the gentleman from North Carolina [Mr. KERR] that the House concur in the Senate amendment.

The question was taken; and on a division (demanded by Mr. KERR) there were—ayes 43, noes 61.

Mr. KERR. Mr. Speaker, I object to the vote on the ground a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify the absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 150, nays 185, not voting 95, as follows:

[Roll No. 94]

YEAS—150

| | | |
|----------------|----------------|-----------------|
| Abernethy | Gossett | Norton |
| Allen, La. | Grant, Ala. | O'Brien, Ill. |
| Anderson, | Gregory | O'Brien, Mich. |
| N. Mex. | Hare | O'Neal |
| Andrews, Ala. | Harris, Ark. | O'Toole |
| Baldwin, Md. | Harris, Va. | Outland |
| Barden | Hart | Pace |
| Barry | Hays | Patton |
| Bates, Ky. | Hébert | Peterson, Fla. |
| Beckworth | Hendricks | Poage |
| Bland | Hobbs | Priest |
| Bonner | Hoch | Ramspeck |
| Boydin | Hollfield | Rankin |
| Bradley, Pa. | Izac | Rivers |
| Brooks | Jackson | Robertson |
| Brown, Ga. | Jarman | Robinson, Utah |
| Bryson | Johnson, | Rooney |
| Bulwinkle | Luther A. | Rowan |
| Burch, Va. | Johnson, | Russell |
| Burhill, N. Y. | Lyndon B. | Sadowski |
| Burgin | Johnson, Okla. | Sasser |
| Byrne | Kee | Satterfield |
| Camp | Kefauver | Scanlon |
| Cannon, Mo. | Kelley | Sheridan |
| Chapman | Kerr | Sikes |
| Clark | Kilday | Slaughter |
| Coffee | King | Smith, W. Va. |
| Colmer | Kirwan | Snyder |
| Cooley | Lane | Somers, N. Y. |
| Cooper | Lanham | Sparkman |
| Courtney | Larcade | Spence |
| Cravens | Lesinski | Starnes, Ala. |
| Crosser | Lynch | Stigler |
| D'Alesandro | McCormack | Tarver |
| Davis | McKenzie | Thomas, Tex. |
| Dawson | McMillan | Thomason |
| Dilweg | McMurray | Tolan |
| Dingell | Mahon | Vincent, Ky. |
| Doughton | Malorey | Vinson, Ga. |
| Durham | Manasco | Voorhis, Calif. |
| Eberharther | Mansfield, | Walter |
| Felghan | Mont. | Ward |
| Fernandez | May | Weaver |
| Fisher | Merritt | Weiss |
| Flannagan | Monroney | Wene |
| Folger | Morrison, La. | Whittington |
| Forand | Mundt | Wickersham |
| Fulmer | Murphy | Winstead |
| Gathings | Murray, Tenn. | Worley |
| Gordon | Myers | Zimmerman |
| Gore | Newsome | |
| Gorski | Norrell | |

NAYS—185

| | | |
|------------------|---------------|----------------|
| Allen, Ill. | Elston, Ohio | Jones |
| Andersen, | Engel, Mich. | Jonkman |
| H. Carl | Engle, Calif. | Judd |
| Anderson, Calif. | Fenton | Kean |
| Andresen, | Fish | Kearney |
| August H. | Gale | Keefe |
| Angell | Gamble | Kilburn |
| Arends | Gavin | Kinzer |
| Auchincloss | Gearhart | Knutson |
| Baldwin, N. Y. | Gerlach | Kunkel |
| Barrett | Gilchrist | LaFollette |
| Bates, Mass. | Gillespie | Landis |
| Beall | Gillette | Lea |
| Bender | Gillie | LeCompte |
| Bennett, Mich. | Goodwin | LeFevre |
| Bennett, Mo. | Graham | Luce |
| Bishop | Grant, Ind. | McConnell |
| Bolton | Griffiths | McCowan |
| Brehm | Gross | McGregor |
| Brown, Ohio | Gwynne | McLean |
| Buck | Hall | McWilliams |
| Buffett | Edwin Arthur | Maas |
| Busbey | Halleck | Martin, Iowa |
| Butler | Hancock | Martin, Mass. |
| Canfield | Heidinger | Mason |
| Carlson, Kans. | Herter | Michener |
| Carrier | Hess | Miller, Conn. |
| Carson, Ohio | Hill | Miller, Mo. |
| Chenoweth | Hinshaw | Miller, Nebr. |
| Chipewfield | Hoeven | Miller, Pa. |
| Church | Hoffman | Monkiewicz |
| Clason | Holmes, Mass. | Mott |
| Clevenger | Holmes, Wash. | Mruk |
| Cochran | Hope | Murray, Wis. |
| Cole, Mo. | Horan | Norman |
| Cole, N. Y. | Howell | O'Brien, N. Y. |
| Compton | Hull | O'Hara |
| Costello | Jeffrey | O'Konski |
| Crawford | Jenkins | Pittenger |
| Cunningham | Jennings | Ploesser |
| Curtis | Jensen | Poulson |
| Day | Johnson, | Pracht |
| Dondero | Anton J. | C. Frederick |
| Dworshak | Johnson, | Pratt, |
| Eaton | Calvin D. | Joseph M. |
| Elliot | Johnson, Ind. | Ramey |
| Ellison, Md. | Johnson, | Reece, Tenn. |
| Ellsworth | J. Leroy | Reed, Ill. |
| Elmer | Johnson, Ward | |

| | | |
|---------------|---------------|------------------|
| Reed, N. Y. | Simpson, Pa. | Towe |
| Rees, Kans. | Smith, Maine | Troutman |
| Rizley | Smith, Va. | Vorys, Ohio |
| Robison, Ky. | Smith, Wis. | Vursell |
| Rockwell | Springer | Wasielewski |
| Rodgers, Pa. | Stanley | Weichel, Ohio |
| Rogers, Mass. | Stefan | Welch |
| Rohrbough | Stevenson | Wigglesworth |
| Rolph | Stockman | Willey |
| Rowe | Sumner, Ill. | Wilson |
| Sauthoff | Summers, Tex. | Winter |
| Schiffner | Sundstrom | Wolfcott |
| Schwabe | Taber | Wolfenden, Pa. |
| Scrivner | Talbot | Wolverton, N. J. |
| Short | Talle | |
| Simpson, Ill. | Tibbott | |

NOT VOTING—95

| | | |
|----------------|-----------------|-----------------|
| Andrews, N. Y. | Fuller | O'Connor |
| Arnold | Furlong | Patman |
| Bell | Gallagher | Peterson, Ga. |
| Blackney | Gibson | Pfeifer |
| Bloom | Gifford | Philbin |
| Boren | Granger | Phillips |
| Bradley, Mich. | Green | Plumley |
| Brumbaugh | Hagen | Powers |
| Buckley | Hale | Price |
| Burdick | Hall, | Rabaut |
| Cannon, Fla. | Leonard W. | Randolph |
| Capozzoli | Harless, Ariz. | Richards |
| Carter | Harness, Ind. | Sabath |
| Case | Hartley | Scott |
| Celler | Heffernan | Shafer |
| Cox | Kennedy | Sheppard |
| Curley | Keogh | Smith, Ohio |
| Delaney | Kleberg | Stearns, N. H. |
| Dewey | Klein | Stewart |
| Dickstein | Lambertson | Sullivan |
| Dies | Lemke | Taylor |
| Dirksen | Lewis | Thomas, N. J. |
| Disney | McCord | Torrens |
| Douglas | McGehee | Treadway |
| Drewry | Madden | Wadsworth |
| Ellis | Magnuson | West |
| Fay | Mansfield, Tex. | Whelchel, Ga. |
| Fellows | Marcantonio | White |
| Fitzpatrick | Morrow | Whitten |
| Fogarty | Mills | Woodruff, Mich. |
| Ford | Morrison, N. C. | Woodrum, Va. |
| Fulbright | Murdock | Wright |

So the motion was rejected.

The Clerk announced the following pairs:

Mr. Randolph for, with Mr. Whelchel of Georgia against.

General pairs:

Mr. Furlong with Mr. Wadsworth.
 Mr. Keogh with Mr. Gifford.
 Mr. Mansfield of Texas with Mr. Powers.
 Mr. Heffernan with Mr. Arnold.
 Mr. Harless of Arizona with Mr. Smith of Ohio.
 Mr. Bloom with Mr. Taylor.
 Mr. Whitten with Mr. Scott.
 Mr. Torrens with Mr. Hale.
 Mr. Fulbright with Mr. Bradley of Michigan.
 Mr. Celler with Mr. Fuller.
 Mr. Fogarty with Mr. Brumbaugh.
 Mr. Kennedy with Mr. Woodruff of Michigan.
 Mr. Mills with Mr. Leonard W. Hall.
 Mr. Delaney with Mr. Shafer.
 Mr. Klein with Mr. Hagen.
 Mr. Dickstein with Mr. Douglas.
 Mr. McCord with Mr. Merrow.
 Mr. Buckley with Mr. Dirksen.
 Mr. Madden with Mr. Gallagher.
 Mr. Capozzoli with Mr. Blackney.
 Mr. Rabaut with Mr. Harness of Indiana.
 Mr. Fay with Mr. Plumley.
 Mr. Peterson of Georgia with Mr. Treadway.
 Mr. Fitzpatrick with Mr. Hartley.
 Mr. Ford with Mr. Ellis.
 Mr. Philbin with Mr. Phillips.
 Mr. Curley with Mr. Thomas of New Jersey.
 Mr. Drewry with Mr. Lemke.
 Mr. Wright with Mr. Stearns of New Hampshire.
 Mr. Disney with Mr. Burdick.
 Mr. Bell with Mr. Carter.
 Mr. Magnuson with Mr. Marcantonio.
 Mr. Pfeifer with Mr. Lewis.
 Mr. Cox with Mr. Andrews of New York.

Mr. Sheppard with Mr. Case.
Mr. Patman with Mr. Lamberton.
Mr. Sabath with Mr. Fellows.
Mr. Gibson with Mr. Dewey.

The result of the vote was announced as above recorded.

The doors were opened.

Mr. KERR. Mr. Speaker, I move that the House insist on its disagreement to the Senate amendment.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

EXTENSION OF REMARKS

Mr. KEEFE. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the Appendix of the Record and to include therein a newspaper article.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CARLSON of Kansas. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the Appendix of the Record and to include an analysis of the G. I. bill by the Veterans of Foreign Wars.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HOPE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

(By unanimous consent, Mr. MILLER of Connecticut received permission to revise and extend his own remarks.)

Mr. KILBURN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include a resolution.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CONTRACT SETTLEMENT ACT OF 1944

Mr. SUMNERS of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 1718) to provide for the settlement of claims arising from terminated war contracts, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 1718) to provide for the settlement of claims arising from terminated war contracts, and for other purposes, with Mr. HART in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The gentleman from Texas [Mr. SUMNERS] is recognized for 2 hours; the gentleman from New York [Mr. HANCOCK] is recognized for 2 hours.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. MAY. I think there should be some agreement about the time for gen-

eral debate. Of course, the rule provides that the time is to be equally divided between the chairman of the Committee on the Judiciary and the ranking minority member, as usual.

Mr. SUMNERS of Texas. Mr. Chairman, a parliamentary inquiry. Is this time taken out of the time for general debate?

The CHAIRMAN. The time has not yet been taken from the gentleman from Texas, but if it should develop into a controversy, of course, it would be incumbent upon the Chair so to do.

Mr. MAY. I want to make this statement about the matter of time and the disposition of it.

This subject of contract termination involves something like \$100,000,000,000. It has been a matter of study for 18 months in the House Military Affairs Committee, and that committee reported the first bill that was reported in the House of Representatives on the subject. We made the first application to the Rules Committee for a rule several weeks ago. That application was held up to await what was suggested to be a compromise, or in the hope that there could be some compromise between the various legislative committees.

Generally speaking, war contracts ought to have come to the House Military Affairs Committee. We have studied long and hard on it, and there is an issue here, in fact two of them, which issues are as vital to this country as the question whether somebody is paid on war contracts or not. The first question is whether or not we will fade the agent of the representative of Congress and the taxpayers out of the picture by eliminating the Comptroller General of the United States.

The second question is whether or not the Congress will abdicate its functions to the executive department, over which I have heard so much complaint and argument here.

The CHAIRMAN. Does the gentleman from Texas yield time to the gentleman from Kentucky?

Mr. SUMNERS of Texas. For the purpose of continuing the statement in progress?

The CHAIRMAN. Yes. If so, how much time?

Mr. SUMNERS of Texas. No; I do not at this time yield time to the gentleman from Kentucky. I will be glad to have anything said about it by the gentleman if it is not taken out of the time for general debate.

The CHAIRMAN. Any further time consumed by the gentleman from Kentucky [Mr. MAY] will have to be deducted from the time allowed or general debate.

Mr. MAY. Will the gentleman yield for a unanimous-consent request?

Mr. SUMNERS of Texas. I yield.

Mr. MAY. Mr. Chairman, I ask unanimous consent that the general debate under the rule be extended for 2 hours, and that that 2 hours be granted to the members of the House Military Affairs Committee.

Mr. COOPER. Mr. Chairman, I make the point of order that that is not in order in Committee of the Whole.

The CHAIRMAN. The Chair will state it is without the province of the Committee of the Whole House to extend additional time which has been fixed by the House itself.

Mr. MAY. I so understood it, and I asked the chairman of the Committee on the Judiciary to raise the question while the Speaker was in the chair.

Mr. SUMNERS of Texas. The chairman of the Committee on the Judiciary did not understand any such request.

Mr. MAY. Well, I asked the gentleman right here.

Mr. SUMNERS of Texas. Well, why did you not make the request, anyway?

Mr. MAY. The gentleman said, "Never mind."

Mr. MICHENER. Mr. Chairman, a point of order. Who has the floor?

The CHAIRMAN. The time is running against the time that has been allotted, from this time on.

Mr. MAY. Will you let me have any of the time, subject to my control?

Mr. SUMNERS of Texas. I will yield myself 5 minutes at this time.

Mr. WALTER. Mr. Chairman, the distinguished chairman of the Committee on Military Affairs a moment ago stated that the legislation under consideration has been considered by his committee for a period of about 18 months. I believe this is correct. In addition to the consideration given this problem by the Committee on Military Affairs, the Committee on Naval Affairs also considered the problem, each committee, however, considering it as related to the agency that it was charged with legislating for. The Military Affairs Committee of the Senate, the special George committee of the Senate, the Post-war Planning Committee of the House, the Committee on the Judiciary of the House all considered this problem. The consideration given to the problem by all of the committees except the Committee on Naval Affairs and the Committee on Military Affairs, however, was as to the whole general problem.

At the very first session of the Post-war Planning Committee the distinguished gentleman from New York [Mr. FISH] said we should take up first things first. With that in mind the committee explored the whole problem of unwinding our economy and concluded that the first thing to consider was this question of contract termination.

It would be very difficult for me to explain to you how large this problem really is. Suffice to say, two-thirds of the people engaged in manufacture are now engaged in the war effort. Practically every manufacturer is engaged to some extent in producing those things that are necessary in the war effort. I believe the problem of terminating the contracts entered into by our Government with those people who provide jobs is the most important problem with which we are confronted today. The war is going to end quickly, we hope; no one knows when it will end. It is safe, however, to say that the war in Europe will end before the war in the Pacific, and we all hope that the end of both wars will come very quickly. But what are we going

to do when contracts are terminated suddenly? I subscribe to the old-fashioned idea that if there is to be employment for employables there must be employers.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield.

Mr. BULWINKLE. I wish to ask the distinguished author of the bill a few questions.

Am I correct in my understanding that this bill provides exactly the same treatment for cost-plus-fixed-fee contracts that it does for fixed-price contracts?

Mr. WALTER. Yes; the gentleman is correct in that understanding.

Mr. BULWINKLE. Then once a settlement has been reached under the bill, the General Accounting Office would have no further function to perform except, first, to determine that the payments called for by the settlement were properly made; and, second, to investigate for fraud.

Mr. WALTER. That is substantially correct.

Mr. BULWINKLE. And the third question: There would be no further audit of the contractor's costs?

Mr. WALTER. Of course not, because it is essential that the settlement be final so that the employer knows exactly where he stands when he starts making his plans for the post-war period.

Mr. ANDERSON of California. Mr. Chairman, will the gentleman yield for a brief statement?

Mr. WALTER. Yes; for a very brief statement.

Mr. ANDERSON of California. The House Committee on Naval Affairs in the consideration of this important subject of contract terminations was guided largely by the excellent report of the Baruch committee. Can the gentleman tell the House whether or not that same guide was used by the House Committee on the Judiciary in reporting this bill?

Mr. WALTER. Yes; of course it was. Both the Senate committee and the Senate itself, if you please, enacted this bill by unanimous consent and followed the Baruch-Hancock report; and I may add in that connection that the House committee had the advantage of listening to the testimony of both these very distinguished gentlemen. They explained in great detail how they arrived at the conclusions they reached in this magnificent report.

Mr. ANDREWS of New York. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield.

Mr. ANDREWS of New York. With reference to the remarks of the gentleman from California, the statement should also be made in this connection that 13 members of the Committee on Military Affairs in a statement of minority views on a similar bill from the Committee on Military Affairs were in general accord with the provisions of the Baruch report.

Mr. WALTER. I thank the gentleman.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield.

Mr. MAY. Will the gentleman from Pennsylvania request the gentleman from New York to state how many of those who signed the minority report were out of town when it was signed?

Mr. WALTER. I do not yield for that purpose.

Mr. ANDREWS of New York. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I cannot yield further.

Mr. ANDREWS of New York. All 13 were here when they signed.

Mr. WALTER. I do not think it is fair to place the Committee on the Judiciary in a position where it must determine which half of the Military Affairs Committee was correct in its conclusions.

Mr. Chairman, in considering this legislation it is important to bear in mind the fact that if we have no legislation at all there will be cases where the Government is going to be responsible to the contractors for that percentage of the work performed up to the time of the termination. As authority for this statement I call attention to the decision of the Supreme Court in the case of *United States v. Corliss Steam Engine Co.* (91 U. S. 321), a case decided in 1875.

In that case the Secretary of the Navy terminated a contract before its completion. Settlement was made by the Secretary of the Navy and thereafter it was questioned. The Supreme Court held that if the Secretary had the authority to enter into that contract he had the authority to terminate it and make settlement on such terms as were just, equitable, and reasonable.

Mr. Chairman, that is the law today, because that decision has been uniformly followed by the Supreme Court in cases arising on the same question.

Mr. VORYS of Ohio. Will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. I wonder whether in the present prime contracts there are not provisions for termination which would be binding upon both parties in the absence of special legislation?

Mr. WALTER. Of course there are, but you must bear in mind that the real difficulty is to arrive at the amount to be paid without undue delay or waste of effort by the contractor or the Government. If you attempt to determine these costs and expenses exactly down to the last penny, you will require very extensive cost analysis, accounting, and auditing. Cost accounting is by no means an exact science; it involves judgment and assumptions which are a fruitful source of disputes and disagreements. Many contractors, especially the smaller ones, simply do not keep detailed cost accounting records and will not be able to submit claims on such a basis. Besides, many of the questions in these settlements depend on sound business judgment, rather than accounting. For example, the allocation of inventories and settlements with subcontractors are not essentially accounting questions. Primary reliance on accounting and auditing in settling these claims would consume an excessive amount of time, effort,

and expense and would create disastrous delays in completing the job.

In order to avoid this delay and its serious economic consequences, it is clear that the overwhelming bulk of settlements must be made by negotiated agreement. This means that termination claims will be settled by business negotiations conducted on the same basis as ordinary commercial transactions. Auditing and accounting will still be used, but they will be aids to sound business judgment. That is how the contracts were made in the first instance, and that is the sensible way to settle them promptly. The contracting agencies are best qualified to make such settlements. Having executed and administered the original contracts, they are familiar with conditions of their performance. To settle these claims, expeditiously, requires the services of negotiators with business experience, engineers, production specialists, property experts, auditors, and lawyers acquainted with the problems involved and working together as a team. The contracting agencies already have qualified men of these types on their staffs who are negotiating settlements of terminated contracts right now.

These negotiated settlements must be final and not subject to reopening by any other agency except for fraud. If the contracting agencies were not authorized to make final agreements for the Government, they would obviously not be able to negotiate settlements with contractors. Otherwise, they would be asking the contractor to make concessions binding on him while the Government retained the right to withdraw its concessions and agreements. Satisfactory negotiations could not be conducted on that basis.

To take care of cases where the agency and the contractor cannot agree, the bill provides for a system of appeals to local appeals boards and to the courts. This will protect contractors against arbitrary action by any agency in determining the amount due. Finally, the bill authorizes the making of advance and partial payments and loans to contractors and subcontractors to provide them with temporary financing pending the settlement of their claims.

This plan for settling terminated contracts is the keystone of the bill as passed by the Senate. Your committee is convinced that it provides the only method which will permit the job to be done expeditiously and fairly. The provisions of the substitute amendment submitted by your committee conform to this basic plan for settlements contained in the Senate bill.

The committee substitute, however, writes into the bill certain cost principles which are not in the Senate bill. This provision enumerates certain items of costs which are to be allowed or disallowed to the contractor when the contracting agency determines the amount due him without agreement. In addition, the director is to require the contracting agencies to take these cost factors into account in establishing methods and standards for settlements by agreement, to the extent he deems this practicable

without impeding expeditious settlements. In this way, your committee has sought to specify cost standards as far as that is feasible without interfering with prompt settlements. Certain members of the committee and the executive agencies objected to this provision for fear that it might impede the negotiated settlement. In proposing this provision, your committee does not intend it to have that effect, and would consider the adoption of such a provision most unwise if it were convinced that the provision would interfere with speedy settlements.

We believe that the bill will facilitate the making of fair and expeditious settlements and the prompt reconversion of industry to peacetime production after the war. That is its first objective.

Mr. Chairman, we entrusted the contracting agencies of the Government to enter into contracts totaling in excess of \$2,000,000,000. Nobody insisted that the General Accounting Office participate in the letting of those contracts; nobody insisted, certainly not on the floor of this House, that those officers were not to be trusted, and I say that it comes with bad grace at this time after most of the money has been spent for us to say that we cannot trust those same men, those civilian employees, those officers in the Army and Navy, who worked so hard and performed such a magnificent service in the procurement of our munitions, to settle this final part of the contract.

Nobody knows what the area of negotiation is going to be. The best evidence that the Post-war Planning Committee had on that subject was that the debatable items would be in the neighborhood of \$2,000,000,000. Let us assume that there will be fraud, let us assume that there will be some waste, I agree entirely with what Eric Johnston said when he testified before the committee. He testified it would be worth it in order to prevent the kind of panic that will necessarily follow unless we reconvert our economy promptly.

Your committee was fully convinced that it would unduly delay settlements and industrial reconversion to seek to provide such protection by requiring the audit of all claims before payment or by giving another agency authority to reopen settlements after they were made, except for fraud. At the same time, the committee is keenly alive to the necessity of providing adequate safeguards against fraud and waste of Government funds. Accordingly, it considered and included in the bill every feasible method to provide effective precautions against such abuses.

The bill contains stringent penalties against fraud. Whenever the General Accounting Office, the Director, or any agency believes that any settlement is tainted with fraud, the facts must be reported to the Department of Justice for complete investigation. Until that Department finds that no fraud exists, all payments affected by the suspected fraud must be suspended or withheld. Any fraudulent practices are subject to criminal penalties of up to \$10,000 in fines or up to 10 years in prison. In addition,

heavy civil penalties are imposed for fraud or attempted fraud.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. WALTER. Mr. Chairman, there is very little in controversy in this bill. We tried to put in legislation the regulations now in effect in the termination of these contracts. The only thing in controversy is participation of the Comptroller General and about that more will be said later.

We start with a statement of the objectives of the bill, and we provide for surveillance by the Congress through the filing of quarterly and interim reports. There are definitions that are as clear as it is possible to make definitions. Then we provide for an Office of Director, feeling there must be authority centered in one place. I do not like to set up more bureaus any more than anybody else does, but certainly it seems to me that in this particular case where you create the Office of Director, who will have about 30 assistants, we are not in that case setting up the sort of bureaucracy that many of us are afraid of. He has supervisory powers over the contracting agencies with respect to termination, financing, and settlements. The Director's duty is to require efficient settlement methods designed to obtain prompt settlements and adequate protection of the Government's interest. He is given extensive powers to prevent fraud and waste. He must establish policies for such supervision and review within the agencies as he deems necessary to prevent and detect fraud. He will prescribe the records to be prepared by the agencies and by war contractors and the information to be submitted to him by the agencies on their operations. Finally, he must investigate the administration of the act either through existing agencies or a special unit in his own office. Thus the Director has full authority to make certain that the contracting agencies take all necessary measures to prevent waste or fraud.

There is an Advisory Board also created, which Board consists of all the contracting agencies, the Secretary of War, the Secretary of the Navy, Secretary of the Treasury, Chairman of the Maritime Commission, Administrator of the Foreign Economic Administration, Chairman, Board of Directors, Reconstruction Finance Corporation, Chairman of the War Production Board, Chairman, Board of Directors, Smaller War Plants Corporation, and the Attorney General. The Post-war Planning Committee of the House and Judiciary Committee of the House felt that the Comptroller General ought to be on that Advisory Board, but the Comptroller General took the position he did not want to be on the Board because, he said, he was so busy he could not properly do the work required of him if he were a member of that Board. We were persuaded that if he was too busy to properly function on this Advisory Board then perhaps he ought not to be on it.

Mr. ELSTON of Ohio. Will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Ohio.

Mr. ELSTON of Ohio. Was not his position that he did not care to serve on the Advisory Board because he had no authority?

Mr. WALTER. Well, he would have as much authority on the Advisory Board as these other people who are on the Board. It was thought that, perhaps, if he were on the Board, he could persuade other members of the Board that the policies that they intended to follow were not sound, that as a result of his experience in his position he could point out things that might be done to prevent widespread fraud, if there is widespread fraud, but I do not think there is going to be. Mr. Chairman, we should not approach this question on the theory that the American people are dishonest. We should approach it on the theory that the great majority of the people are honest, and in that connection let me say that we have made it pretty unhealthy for anybody to either cheat or attempt to cheat in the settlement of their claims against the Government.

Mr. J. LEROY JOHNSON. Will the gentleman yield?

Mr. WALTER. I yield to the gentleman from California.

Mr. J. LEROY JOHNSON. As a matter of fact, is not every single negotiated settlement that we make pursuant to that law audited by the particular agency involved? In other words, Army settlements are audited by the Army auditing set-up. So there is really an audit, and a Comptroller General's audit would be a duplicate audit.

Mr. WALTER. Of course, there is an examination which forms the basis for settlement. If you have two people performing the same job, then you are going to run into the question of policy, you are going to run into interminable debate that always ensues when two governmental agencies are interested in the same question.

Mr. MILLER of Connecticut. Will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Connecticut.

Mr. MILLER of Connecticut. Will this Advisory Board concern itself with anything other than finances? What I have in mind in this whole problem of reconversion is this: Let us take, for example, the aircraft industry. When they got into this war, they turned to the automotive industry. They went into high gear making airplane engines. I wonder if this Advisory Board would have the authority or would be able under this act to perhaps assist the aircraft industry, or at least to see that some arrangement can be worked out so that the automobile industry could keep some of their plants going making automobile parts or engine parts for a year or two after the war when there will be a tremendous demand for automobiles, trucks, tractors, and all the rest of it. Will that Board be able to go into that phase of it?

Mr. WALTER. I understand that already consideration is being given to that subject.

Mr. MILLER of Connecticut. That will be a big problem in different parts of the country where there are big aviation factories. In my district there is one factory employing 45,000 people at the present time which might not be able to employ more than 2,500 in the normal peacetime period.

Mr. WALTER. Of course they cannot. The gravest part of it all is that their capital is so tied up, with the unusual type of work they are now doing, that they could not stay in business longer than 5 weeks after the cessation of hostilities. If their claims are not promptly settled, and settled with such a degree of finality that any banking institution would be willing to make a loan on the basis of the settlement, how are they going to be able to again undertake their peacetime work?

Mr. MILLER of Connecticut. May I say that the particular concern referred to could not meet its pay roll 2 weeks with its total reserves today.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. HANCOCK].

Mr. HANCOCK. Mr. Chairman, the bill before us providing for the settlement of claims arising from terminated war contracts represents the conclusions of many prominent lawyers, accountants, and practical businessmen in civilian life, the Joint Contract Termination Board—consisting of representatives of the War and Navy Departments, the Maritime Commission, the R. F. C. subsidiaries, and the Foreign Economic Administration—as well as the conclusions of several Congressional committees which have studied post-war and related problems. I am not saying that these gentlemen are in complete agreement on every detail of this bill, but I believe it fairly represents the consensus of the best opinion of all. Considerable credit is due to subcommittee No. 3 of the Judiciary Committee, and its chairman, the able gentleman from Pennsylvania [Mr. WALTER] for reconciling differing views and drafting the bill in the form we are now considering.

And let me say that the country owes a great debt of gratitude to Mr. Bernard M. Baruch and Mr. John M. Hancock, the advisory unit for war and post-war adjustment policies in the Office of War Mobilization—two exceptionally able and successful men who for months have given their full time and their great abilities to the stupendous task of preparing plans for the orderly reconversion of our war economy to a peace economy and getting men back to work in normal business and enterprise.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield to the gentleman from Tennessee.

Mr. COOPER. I want to concur, Mr. Chairman, in the complimentary reference made by the distinguished gentleman to the chairman of the subcommittee of the Committee on the Judiciary, and to state that it is my honor to be a member of the Post-war Economic Policy and

Planning Committee. The distinguished gentleman from Pennsylvania was chairman of a special subcommittee of our committee, and devoted long and tedious study to this subject and made splendid contributions to it. The bill which is the basis of the measure here under consideration was unanimously approved by the Post-war Economic Policy and Planning Committee.

I wish to point out the further fact, in more definite response to the question asked by the gentleman from California, that the Baruch-Hancock report was taken by our Post-war Economic Policy and Planning Committee and studied carefully and diligently. Mr. Baruch appeared before us. Mr. Hancock appeared before us several times. It was pointed out, and will be remembered, that the Baruch-Hancock report recommends rather a series of bills to take care of this problem of converting from war to peace, and the outstanding and most important of all of those measures is the bill now under consideration. Your committee followed the recommendations and suggestions that they made.

Mr. HANCOCK. There are a great many post-war problems, and this solves only one of them. But it is very important. We of the Committee on the Judiciary know how arduously and how diligently the gentleman from Pennsylvania worked to reconcile divergent views, and to draft a bill on which we, in our committee, could all agree, and I think we are here unanimously in support of the bill as it is written, with minor amendments.

Mr. ANDERSON of California. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield to the gentleman from California.

Mr. ANDERSON of California. As I understand, the bill that is now before the House does not contain any provision for the disposal of any surplus Government materials or surplus Government commodities, but deals strictly with the termination of war contracts.

Mr. HANCOCK. It deals with the disposition of termination inventories and not with what we know as surplus war supplies. That will come in another bill. There are recommendations in the Baruch-Hancock report on that very subject.

Mr. ANDERSON of California. That is just exactly what I was going to refer to. It will be taken care of in separate legislation.

Mr. HANCOCK. This bill is the first step to take care of post-war business problems, and I think the most important.

Mr. COOPER. Mr. Chairman, will the gentleman yield further?

Mr. HANCOCK. I yield to the gentleman from Tennessee.

Mr. COOPER. A special subcommittee of your Post-war Economic Policy and Planning Committee is now diligently working on that very subject of disposition of surpluses. The whole committee met with the Senate committee, and other chairmen today, and heard Mr. Clayton speak on that very subject of disposition of surplus properties. That

is the next bill proposed to be considered under the Baruch-Hancock report.

Mr. HANCOCK. Then there are some post-war labor problems. That subject is also receiving a great deal of study and attention.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield to the gentleman from Michigan.

Mr. MICHENER. The Baruch-Hancock report can be divided into four segments, can it not, and this is one of the segments?

Mr. HANCOCK. This is one of the segments, and I think the one that requires immediate action.

Mr. MICHENER. That is it.

Mr. HANCOCK. One of the problems in preparing for peace—and it is only one—is the establishment of a fair and uniform procedure for terminating war contracts. That is an immediate problem. It is here now. We are told that 20,000 war contracts have already been canceled and we are optimistic enough to anticipate that many times that number can be terminated before the year is out. The report of the House Special Committee on Post-war Economic Policy and Planning informs us that the number of prime contracts is estimated at from 100,000 to 250,000 and that the number of subcontracts may run well over a million. Many of the contracts were hastily and loosely drawn. Some contain termination clauses and some do not. Prompt congressional action is needed to establish a uniform policy for settling termination claims.

The bill as passed by the Senate and as revised by the Committee on the Judiciary closely follows the pattern set forth and recommended in the Baruch report of February 15. It has two primary objectives: First, the expeditious and final settlement of claims; second, protection of the Government's interest against fraud.

There is no dispute between those interested in the subject as to the desirability of the two objectives but some gentlemen place more emphasis on one than the other. There are those who believe that the Government cannot be adequately protected unless the settlement of claims is placed under the jurisdiction of the Comptroller General with complete audit of accounts before final determination and payment. The impracticability of this course is apparent if prompt final settlements are to be made. According to the Baruch report, over \$50,000,000,000 of the current annual production represents strictly war goods. Their manufacture will almost entirely cease when peace comes, and we must return speedily to the production of civilian requirements or the consequences will be disastrous. To audit the claims arising from the termination of contracts representing such a tremendous volume of war business would require a vastly increased staff of trained personnel in the General Accounting Office, probably more than can be recruited, and it would take years to accomplish.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I do not yield to enter into a discussion. I will yield for a question and not an argument.

Mr. MAY. Does the gentleman know how much personnel the War Department has in training now for the purpose of terminating these contracts?

Mr. HANCOCK. No; I have no idea, but I know that the contracting agencies, all of them, have a substantial group of men who have been engaged in the business of making contracts, and they are better able to unmake them than any other group of people you can find. The Comptroller General would have to recruit an army of men to do all this auditing, and where he would find them. I do not know. I do not believe there are enough capable men to do a complete audit in the whole world.

Mr. ANDREWS of New York. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield to the gentleman from New York.

Mr. ANDREWS of New York. On the problem of auditing, is it not a fact that probably three out of four of these contracts have been renegotiated to death and they have been audited to death? The very people who have done that know a good deal more about it than the people in the Comptroller General's office.

Mr. HANCOCK. The gentleman is correct.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield to the gentleman from Nebraska.

Mr. CURTIS. Is there anything in this bill that extends Government control of raw materials into the post-war period?

Mr. HANCOCK. Only that provision with reference to the disposition of what are known as termination inventories. I wish the gentleman would withhold these technical questions until the gentleman from Iowa takes the floor. He was the ranking man on the subcommittee which wrote this bill and is thoroughly familiar with it. He will explain it in detail, and is better qualified to answer these detail questions than I am.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield to the gentleman from Tennessee.

Mr. COOPER. I think the proper answer to the question of the gentleman from Nebraska is "No."

Mr. HANCOCK. As modified by that provision with reference to the disposition of what are known in the bill as termination inventories.

Mr. THOMASON. Mr. Chairman, will the gentleman yield for a question that is not technical?

Mr. HANCOCK. I yield to the gentleman from Texas.

Mr. THOMASON. Is there any reason why the Comptroller General could not secure the necessary help as well as the War Department? The reason I ask that question is that when we had under consideration yesterday the Military Establishment appropriation bill carrying forty-odd billions of dollars, I note, on

page 569 of the printed hearings, where Under Secretary of War Patterson said that they were wanting 10,000 employees to be taken through one of their schools down at the War College. He also said they had secured 1,000 officers and enlisted men for this work. Inasmuch as the Comptroller General of the United States has a going concern of 12,000 employees, and we have authorized up to 15,000, can the gentleman tell me why 1,000 soldiers and 10,000 new employees should be taken on by the War Department to do this work, when there is already an agency specially provided for it?

Mr. HANCOCK. It is not proposed to audit all these claims except where necessary when there is evidence of fraud.

The Baruch report points out that speed in shifting productive capacity from war to peace is the most effective defense against the two greatest dangers of the post-war period—unemployment and inflation; that—

If the working capital of manufacturers remains frozen in unpaid Government work, they will lack the money to start up their businesses afresh; to buy new materials and new equipment, to pay their workers.

Business would be at a standstill; workers and returning servicemen would walk the streets, while the Government was figuring how to pay what it owed.

Our country's position today is such that if war terminated suddenly most of the factories in this country would be shut and there would be unemployment of the worst kind. Of course, the war will not end tomorrow, but "peace jitters" already are cutting into production. Removing all uncertainties as to the Government's policy on settling terminated contracts is needed for the immediate conduct of the war.

Any course, such as proposed recently by the Comptroller General, would quibble the Nation into a panic. The Comptroller's suggestion, as we understand it, was that he review every settlement before payment and that no payment be final until approved by him. Pending this audit, the Comptroller proposed that advances and loans be made; but the amounts would be entirely inadequate to keep business and jobs going. If such an audit before payment were decreed, no war contractor would know where he stood, prime contractors would be unable to pay subcontractors, banks would be reluctant to make adequate loans, billions in working capital would be frozen. The delays in settlement could force many concerns into bankruptcy. It would mean unemployment by audit.

Without in any way disparaging the value of the functions performed by the General Accounting Office or the high character and ability of the Comptroller General, I believe the arguments I have just read prove conclusively the inadvisability of placing the settlement of war contracts in his hands.

It will be the responsibility of the General Accounting Office under this bill to determine, after final settlement, whether payments have been made in accordance with the terms of settlement, to investigate settlements when there is evidence of fraud and to transmit his findings to the appropriate agencies so that they may take such action as the facts warrant to recover damages and punish offenders. He is also directed to

make recommendations to Congress for amendments to the law if he finds it is not adequate to achieve the objectives of the bill or to protect the interest of the Government. Heavy penalties are prescribed for fraudulent practices and there are other safeguards.

Mr. ELSTON of Ohio. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield to the gentleman from Ohio.

Mr. ELSTON of Ohio. The gentleman indicated that if the General Accounting Office were to review settlements the contractors would not get their money for a long period of time. Is the gentleman not aware of the fact that the bill reported by the House Committee on Military Affairs provided that the review must take place within a period of 6 months and that the contractors shall receive their money immediately?

Mr. HANCOCK. That would be a direction absolutely impossible of fulfillment, as all these advisers who are qualified to know what they are talking about tell us.

Mr. ELSTON of Ohio. If the General Accounting Office could not find the time within a period of 6 months to make a complete audit, how is it going to be possible for the War Department or the Navy Department to make a sufficient audit to make a settlement immediately?

Mr. HANCOCK. It is not intended that there be a complete audit. The intention and the hope is that we shall continue as we have been doing. Ninety percent or ninety-nine percent of these contracts will be settled by agreement. If there is any evidence of fraud, that will be reported to the Comptroller General, who will conduct an investigation and give his findings to the Attorney General and to the contracting agencies. There are very heavy penalties prescribed for fraud or for violation of the law.

The bill establishes the Office of Contract Settlement and a Director thereof whose duty it shall be to insure uniform and efficient contract settlement by general orders and regulations and by general supervision of the Government agencies entrusted with the authority to make settlements. This bill also creates an Advisory Board consisting of the heads of the various departments and agencies chiefly concerned with contract settlement, with whom he is directed to advise and consult.

The actual work of negotiating termination settlements will rest with the contracting agencies of the Government which made the contracts. The personnel of these agencies either participated in letting war contracts or in administering them. They are more familiar with the terms of these contracts and the business methods of the companies with whom they are made than any other group could hope to be and therefore better qualified to reach fair and expeditious settlements.

An effort may be made to amend this bill by placing war contract termination under the control of the Comptroller General. I hope any such effort will be defeated. It seems to me the program

proposed in the bill is better designed to effectuate its purposes than any other that has been suggested.

Mr. HULL. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield to the gentleman from Wisconsin.

Mr. HULL. I am not very familiar with this bill, but I have read about the report of the Committee on Military Affairs with reference to a certain Colonel Wyman. I am wondering if this bill would protect the people, the taxpayers, especially, from having Colonel Wyman make any termination agreement or settlement with that German gentleman who is mentioned in the report.

Mr. HANCOCK. After the exposé, I should hope not.

Mr. GRANT of Indiana. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield to the gentleman from Indiana.

Mr. GRANT of Indiana. I should like to get back for just a moment to this 6-month period within which the Comptroller General said he would be able to complete these audits.

Mr. HANCOCK. We know that is fiction. It is ridiculous on the face of it.

Mr. GRANT of Indiana. What is more, that time could not even begin to run until such time as the Comptroller General had before him a complete file such as satisfied his own desires in the matter, and months and months and months might elapse before he got all the material together, with six copies of everything that he might want, and all that would be before the 6-month period would begin to run.

Mr. HANCOCK. We know from our observation of the operations of the Accounting Office that they look for 10-cent and 5-cent items. It takes months to audit a small claim. Multiply that by a million claims. If you must withhold final settlement until there is a complete audit, this job will never be done and normal business will never be resumed.

It is the considered opinion of practically everybody that I know who has given this any thought, with the exception of some members of the Committee on Military Affairs, that this job can best be done by the contracting officers subject to the general direction of the Office of Contract Termination and subject to prosecution for fraud if the Comptroller General finds there is fraud.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield to the gentleman from Pennsylvania.

Mr. WALTER. May I call the attention of the gentleman to the fact that the General Accounting Office file exceptions July 1, 1942, to March 31, 1944, with the Navy Bureau of Supplies and Accounts in 715 cases. Three in which there were adjustments in amounts under \$25; 1 between \$25 and \$50; and 4 over \$50, amounting to \$569.67.

Mr. HANCOCK. It would not pay for the time of the employees who did the job. Here is a classic example of how the Accounting Office works. In one case an agent of the Government had to make an inspection of an airport some

place in the Middle West. He took a taxicab which cost, I think, \$2.50. The Comptroller General's office objected to it, because he could have taken the bus, and the bus fare was 50 cents. So the agent said, "All right; reduce that \$2.50 item to 50 cents." The Comptroller General said, "I cannot do that, because you did not ride on the bus."

Mr. THOMASON. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield.

Mr. THOMASON. I would like to cite a "classic" case or two. The gentleman from Wisconsin, I believe, just mentioned the famous Rohl case in Honolulu. Last October the Comptroller General of the United States brought to the Committee on Military Affairs 270 cases amounting to many millions of dollars. I have made an abstract of a few of them. The very first one of them which I now turn to, in which he made a recovery after auditing these contracts, was against the Baldwin Locomotive Works for \$574,629. I turn to another case against the Baldwin Locomotive Works where the Comptroller General recovered \$476,393 and another one against the Consolidated Vultee Aircraft Corporation for \$9,972,308. There are many cases like these I could cite you, but time does not permit now. If you will give some of the members of the Committee on Military Affairs the opportunity they will give you the style of these contracts, the numbers of them, and exactly what the Comptroller General of the United States did, and the vast sums he recovered and they will not be chicken feed or "classic cases." I make no charge that these contracts were tainted with fraud. The fact remains that but for the Comptroller General and his vigilance this money belonging to the taxpayers would not likely have been recovered.

Mr. HANCOCK. The fact remains, it takes a long time to audit a claim, large or small.

It is hoped and believed by the advocates of this measure that more than 90 percent of the war contracts will be canceled and finally settled by agreements between the Government contracting agencies and the private contractors. When an agreement cannot be reached, then the contracting agency shall make a determination of the amount due the contractor which shall be final and conclusive unless the contractor elects to appeal or bring suit as provided in the bill.

When a determination is made without agreement, it is the opinion of the majority of the Committee on the Judiciary that a formula for reaching a just settlement should be included in the bill. The House bill—section 6 (d)—is much more specific in this respect than the Senate bill and this is the principal difference between the two. The House bill sets forth in some detail the methods and standards to be followed in making allowances for the costs attributable to terminated contracts. The Director may make them applicable to settlements by agreement at his discretion and they are not made mandatory in settlements by determination. The com-

mittee was careful to provide that the enumerated items of cost should be considered rather than that they should be allowed and the subsection contains the following paragraph:

The failure specifically to mention in this subsection any item of cost is not intended to imply that it should be allowed or disallowed. The Director may interpret the provisions of this subsection (d) and may provide for the inclusion or exclusion of other costs in accordance with recognized commercial accounting practice.

It is not the purpose of the committee to hold the Government agents to a rigid set of standards, but we have deemed it wise to establish certain flexible guideposts to clarify uncertainties and doubts in the minds of contracting agencies and contractors as to allowable and non-allowable cost items.

The provisions of subsection (d) are practically identical with the termination clause recommended by the Baruch report for inclusion in war contracts now being made.

In this connection let me just quote briefly from the report of Messrs. Baruch and Hancock in recommending the termination clause in the contracts now being made:

The cost statement is based upon the recognition only of those costs that are properly allocable to the contract and only to the extent that they are quantitatively reasonable for the performance of the whole contract. In determining these costs recognized accounting practices are to be used. The cost statement goes further to clarify some of the uncertainties that have arisen in the minds of contractors as to which costs are properly allocable to the contract and which are definitely excluded.

In bringing the drafting of this termination article and cost statement to decision and conclusion our thinking has been that the interests of both contractors and the Government will be best served by a clear definition of their mutual rights and obligations and by preparing the ground for prompt settlement on the basis of those rights and obligations.

With that conclusion we agree, with the further observation that the standards set forth in the House bill will greatly aid the courts in rendering judgment on such claims arising from terminated war contracts as may reach them.

I expect an effort will be made to amend the bill by striking out subsection (d) of section 6. In my judgment, such a motion should be defeated.

As I look at it, those are the two principal matters in dispute which you will be called upon to decide. I hope very much we will not try to tear this bill to pieces and rewrite it on the floor of the House. We had a rather unpleasant and unsuccessful experience within the last 7 days in trying to do that with the O. P. A. bill.

In making these remarks, I have confined myself to the most controversial features of the bill. I will leave to others better qualified than myself the task of giving a detailed explanation of it. There are provisions for advance notice of cancellation, for interim financing, for removal and storage of termination inventories, in order to facilitate the resumption of peacetime manufacturing and minimize unemployment. This bill

is the first step, and a long one, in a coordinated effort to anticipate and solve the problems which will confront us when the victory we pray for is won.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 10 minutes to the distinguished chairman of the Committee on Military Affairs, the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Mr. Chairman, at the end of the First World War the Congress of the United States, because of the existence of unsettled contracts in the amount of approximately \$7,000,000,000, set up the Comptroller General's Department. That legislation was completed in 1921, 3 years after the termination of the war. General Clay, of the War Department, testified before the Committee on Military Affairs of the House within the last 30 days that until the 15th day of October 1918, there had been no steps whatsoever taken toward the termination of war contracts, less than 30 days before the armistice. Yet they say that the Comptroller General's Office was responsible for the delay, when as a matter of fact, it was not in existence and had to be organized in October 1921, 3 years after the war had ended.

The argument is heard that the Comptroller General will delay the matters involved and in order to answer that argument the Committee on Military Affairs of the House, which has studied this question closely for 18 months, has written into the bill which we reported a provision which requires the Comptroller General to complete the termination of every contract submitted to him within 6 months after the notice of termination is given. We provide that unless he does complete it, the agreement reached between the contractor and the Government shall be final. I would like to say here and now, and I want this statement subjected to criticism and answered right now, if anybody can answer it: Has there been any Member in this House during this Congress or in the last 10 years, who has stood up and fought more strongly and more consistently for the system of free enterprise than I have? I have fought for it when gentlemen on both sides of this House who are opposing this proposal now, have been throttling it by their votes in this House.

You can point it out in a hundred instances. You know what it is. I am here today to say that if I thought the Comptroller General would delay these settlements I would not be in favor of putting him in it except for one fact and that is this: Every dollar in money that has been let out on contracts comes out of the pockets of the taxpayers of this country. They have only two representatives in Washington, that is the Congress of the United States and its agent, the Comptroller General; and that department has been functioning in the interest of the taxpayer.

Mr. ELSTON of Ohio. Will the gentleman yield?

Mr. MAY. I yield.

Mr. ELSTON of Ohio. The Comptroller General testified before our committee that he could settle all these cases in 6 months' period of time.

Mr. MAY. He did. That is the reason why we wrote into the bill that he should do it. Now, I want some of these gentlemen who are so earnest about keeping the Comptroller General out of this picture to tell the House what they are afraid of. Who is afraid to have the light turned on? Why so much opposition to the studying of this question, and proper auditing?

When my committee received the bill from the War Department with a request that they be given authority, it contained 16 lines. When I referred it to a subcommittee with direction that they study it, and we decided we would consult the Comptroller General and all of the departments concerned, then they began to abandon their request and undertook to get us to even abandon the legislation. I wonder why? I will tell you why. When they settle a contract they send the Comptroller General a letter like that, with not an item, not an invoice, except to say that they agreed upon some amount, whatever it is. I have here a stack of them and an envelope full, which involve only about a hundred and twenty-five million dollars. The evidence before our committee showed there are outstanding today from \$75,000,000,000 to \$100,000,000,000 in contracts.

I ask you, when you go back to your districts and your constituents ask you, "Why did you set up the Office of Comptroller General, which has been in existence for 24 years, to audit the account of the little clerk in the department, to audit the account of the man who does work for the Government out in the country, and then when you come to settling with the opulent rich war contractors, about 60 or 80 of whom control 90 percent of all the business, you kick the Comptroller General out of the picture?" how are you going to answer that? When they say, "You went down into my pocket for the highest income taxes that were ever levied by any Congress in the history of the world, and you go down into the pockets of the workingmen to get the money, why are you going to turn it over to these big war contractors with billions in their treasuries?" How are you going to answer those questions? The departments have terminated \$14,000,000,000 worth of contracts already, contracts amounting to \$14,131,709,000. But let us see if these corporations which have had this business are going "broke." You know, I am one of those who believe that when a man makes profit he ought to lay up some of it for working capital; some of it for a rainy day. Here is a list contained in the Truman report, not the House Military Affairs Committee report, but here is a list of different corporations, and I want to show you what they made in 1942. I have a dozen or more by name, but I will just refer to them by number, for I suspect some of them might not want their neighbors to know.

In 1942 one company, which had had a deficit of \$70,000 in pre-war years, made \$11,400,000.

Mr. ANDREWS of New York. Will the gentleman yield right there?

Mr. MAY. No; I do not yield.

Just a moment. Out of that \$11,400,000, after renegotiations and taxes they had \$1,765,000 left. Now, do you not think they ought to be able to go into post-war or peacetime business? They made more in 1943 than they did in 1942. Here is another one that had an average of \$850,000 profits in pre-war years. They made \$19,000,000, 25 times what they made at any other time. After taxes and renegotiations they had \$3,500,000. Are they not able to go into business and convert?

Then there is another one here. I will not read all of them, but here is one that ought to be interesting. This is in the home town of one of the members of the Military Affairs Committee of this House but I will not name the member. They averaged \$48,855 annual profits before the war, and during 1942 they made \$5,403,583 or 583 times what they made before. They had a profit of \$3,500,000 left after taxes and renegotiations. There is a long list of them here. Poor things; how concerned are some Members of this House for these unfortunates, these orphans of industry.

Mr. HANCOCK. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. ANDERSON].

Mr. ANDERSON of California. Mr. Chairman, the legislation before the House, S. 1718, as amended, is "must" legislation. This is the first step to be taken by Congress following the outline of the very excellent report on war and post-war adjustment policies submitted by Bernard M. Baruch and John M. Hancock, on February 15, 1944.

Four separate committees of the House of Representatives have held long hearings on the subject of contract termination. Each committee has submitted a report, and, although the reports vary, the general objectives are the same.

As pointed out in the Baruch report, speed is of the essence. All of us hope and pray that hostilities in both theaters of war will be successfully ended at the earliest possible date. However, even prior to the end of the war, the United States will be confronted with the problem of terminating many thousands of war contracts that are now in effect. If we desire to avoid economic chaos, it is incumbent upon the Congress to pass this proposed legislation speedily and without crippling amendments.

Personally I am pleased to note that S. 1718 deals solely with the subject of contract termination. When a similar bill was under consideration in the House Committee on Naval Affairs it included a provision dealing with the disposal of surplus Government commodities and materials. It is my opinion that this subject should be dealt with in separate legislation and the fact that the Judiciary Committee of the House agrees with me is gratifying.

The disposal of surplus Government commodities, as was pointed out in the Baruch report, is the second important step to be taken in order to avoid tremendous economic dislocations in the post-war period. This job is now being handled rather efficiently by Mr. W. L.

Clayton under Executive order. As soon as possible this Executive order should be replaced by statute, but I am still firmly of the opinion that this is a matter for consideration in another bill.

In addition to the two points already mentioned, we must give ample consideration to the human side of demobilization. None of us desires to ever again see disabled servicemen selling apples on the street corners. I do not want to have the Government forced into a position where it must adopt another "make work" program similar to the old W. P. A. I want to see private industry in this country in a position to insure jobs not only for those who are now serving on war fronts all over the world, but jobs for those who are now employed in war industries. The prompt settlement of war contracts and orderly method of disposing of surplus Government material and the preservation of free private enterprise will guarantee the results that we are all seeking to achieve.

I intend to support the pending bill, and I trust that it will speedily be enacted into law.

Mr. HANCOCK. Mr. Chairman, I yield 20 minutes to the gentleman from Iowa [Mr. GWYNNE].

Mr. GWYNNE. Mr. Chairman, in the First War Powers Act we gave certain contracting agencies broad powers to make contracts for the manufacture of war equipment. Under those powers those agencies went out and made over 100,000 prime contracts and subcontracts running into the millions. Practically every one of those contracts contained a provision that it could be canceled by the Government. Some had a very complicated provision. Later contracts, as I understand, contained what is known as the uniform termination article. In any event, however, whether any provision is made for termination or not, the courts have held that any contract of this character with the Government is subject to termination.

Due to the success of our arms the day is rapidly arriving when we will need to terminate contracts wholesale. The purpose of this bill is simply to set up machinery, and to lay out the general procedure for the termination and settlement of those contracts. All I wish to do is to make a brief outline of what is in this bill. In order to do that I would like not to follow the bill as it begins on page 53, but I would like to take a concrete case and follow it right through from beginning to end.

Suppose, for example, we have X corporation which has made a contract with the War Department for the manufacture of 1,000 tanks at \$10,000 each. General Marshall decides that when we have received 500 tanks that will be enough. Therefore he reports that to the War Department and they cancel or terminate the contract.

There was some objection about the manner in which the Brewster contract was canceled. We have tried to remedy that a little by calling upon the contracting agencies to give such advance notice as may be reasonable of the termination of these contracts. We do not, however,

propose that the contractor shall continue making war equipment when it is no longer needed. What we do provide in the bill is that the contracting agency shall be diligent, shall look ahead and see what they need and what they do not need and then give such advance notice as they can and as will be reasonable. This notice, however, is to be given not by the Director of Contract Settlement but by the contracting agencies. They can terminate the contract in whole or in part or they can direct a suspension of operations for a certain period of time, paying whatever damages there is for that suspension. If they suspend the contract for more than 30 days the contractor may elect to consider it terminated and proceed accordingly.

The day this big contract is terminated there will be in the plant of the contractor, let us say, 25 completed tanks. Under the bill and under the contract all acceptable items will be taken by the Government and paid for under the contract. There would also be in the plant a great mass of material, a great mass of castings and parts in various stages of manufacture which the contractor had bought and partly machined to make the other 500 tanks. The problem is to get that out of the plant so he can go back to the manufacture of automobiles. The bill, in that connection, on page 78, provides that the contractor will furnish a termination inventory which will be a list of all these articles that he has accumulated which are allocable to the contract, that is, which were there for the purpose of being put into the tanks he did not build. He furnishes that list to the contracting agency. Within 60 days thereafter the agency must arrange either for storage of the material or remove the material. If the Government fails to do so the contractor may remove it, may store it at the risk of the Government after giving the Government due notice. That gets the material out of the plant. Now we come to the really serious problem of how we are going to settle with this contractor. Obviously if we had a contract for 1,000 tanks at \$10,000 apiece we could not settle for 500 tanks at \$10,000 apiece. There might be cases where the man is in a business, like that of making shoes, where that would be a fair way to settle his contract, but where he is making tanks he has, of course, expended a great deal in preliminary research and engineering intending to spread it over the entire contract. So we provide very elastic standards for the contracting agency to settle this contract.

A great deal has been said about auditing and about the Comptroller General. Mr. Chairman, this is in no sense an auditing problem. If you had all the auditors in America and could get them in the Comptroller's office you would not proceed very far under this bill in the settlement of this problem because it is not an auditing problem; it is, after all, a settlement problem. So these people representing the contracting agencies—and I might say they now have in these various agencies some 30,000 skilled peo-

ple who have had experience in the making of contracts and who are now being trained to settle them.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield at that point?

Mr. GWYNNE. For a question as to that particular feature of the bill, that is all.

Mr. VORYS of Ohio. Yes. The gentleman has mentioned these 30,000 people being trained in these schools. I noted in the Baruch report that representatives of business are going to the same schools. I wonder if the gentleman will comment as to whether that is a wise thing, to have representatives of business and Government both trained in the same schools on this subject?

Mr. GWYNNE. As I understand what is being done is this: The Government now has 30,000 more or less trained personnel in the contracting agencies. They are engineers, business experts, accountants; they have helped make these contracts; they are the ones who will now settle them. Schooling will be given these 30,000 and others so they may go out in teams and settle these contracts.

How are we going to settle them? Here is about what we intend to do: Here is X Corporation whose contract has now been terminated. A team goes out from the War Department and sits down with the owner and they settle their problem just like you settle a lawsuit. For example, here is a bunch of half-made castings; perhaps the Government wants part of them. All right, they settle that. Here is another bunch of castings. Maybe the contractor can use them; that is settled. Here is another bunch that somebody else can use and here will be a great pile of stock that was very valuable when it was needed as component parts of the tanks but now that the tanks are no longer needed are just so much junk. They must arrive at some cost or price to put on that. That is what it amounts to. It is not an auditing job; it is not an accounting job.

We have, however, provided certain standards or guide posts for the settlement of these contracts. You will find them beginning on page 62. In this respect the House bill differs from the Senate bill. What we have tried to do here, Mr. Chairman, is the same thing that a railway company tries to do when they have a crossing accident. In such a case the legal staff of the railway company will call together its experts, its adjusters, and send them to the scene of the accident. They would be guided by certain rules laid down by their employer and by certain laws; they would know what elements of damage were to be considered. They would know, if an automobile were destroyed, the reasonable market value of the automobile that could be recovered in court. If there were personal injuries, hospital bills, doctors' bills, and so forth, a reasonable amount could be allowed for these items. In that way the railway company figures up what the plaintiff is entitled to. The company may set a figure of \$10,000. The plaintiff does the same thing but arrives at a figure of

\$15,000. Quite often, just as a business proposition they settle it for \$12,500. That is exactly what we hope will be done under this bill. We want to settle these contracts and get these plants back to civilian production. We want to see applied business principles of give and take and make settlements which will be fair to both Government and contractor.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE. On that particular point, that is all.

Mr. JENKINS. That is what I want to talk about. If the gentleman has stated accurately that this is not an auditing problem then, of course, we ought to proceed to pass this bill; but if it is an auditing problem then it is a different proposition. I should like to help the gentleman in his argument, if I may, by this suggestion.

Mr. GWYNNE. I regret, but my time is so limited I cannot yield further.

Mr. JENKINS. But just this point: The Government departments must conform to certain requirements in letting contracts, requirements which have been approved by the General Accounting Office. In the case of these contracts the General Accounting Office has not approved all of them.

Mr. GWYNNE. That is right.

Mr. JENKINS. That makes a difference; if that be so the General Accounting Office would not be called upon necessarily to audit them when they are terminated.

Mr. ELSTON of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE. I hope the gentleman will let me proceed. I want to get into a very important part of the bill.

Mr. ELSTON of Ohio. I do not have any time. This is the only way I can get time.

Mr. GWYNNE. We permit the payment of interest at 2½ percent beginning 30 days after the contract is terminated.

Many Members have asked about subcontractors and the effect the bill has on them. There are millions of subcontractors going down in tiers, sometimes as low as six or seven tiers.

After the last war we passed an act in which we provided, as I recall it, that no settlement would be made with a prime contractor until he had furnished a certificate showing that he had settled with all of the subcontractors or that the subcontractor was satisfied to look only to the prime contractor. We do not go that far in this bill because we are advised that that provision slowed up the proceedings after the last war.

In general, here is what we do for the subcontractors. You understand, there is no privity of contract between the Government and the subcontractor, therefore, fundamentally and normally the prime contractor will settle with the subcontractor in accordance with the terms of his contract. However, the bill provides that those settlements will be gone into only insofar as is necessary to protect the public interest. There might be cases where it would be a protection to the Government and everybody if the Government would settle directly with

the subcontractors. If you gentlemen have had experience in building a house in States where they have very definite mechanics liens laws, you will know what I am talking about. So the bill provides that the contracting agencies may in those kinds of cases, where the public interest will be protected, settle directly with the subcontractor and buy his claim against the contractor.

Mr. KEFAUVER. Will the gentleman yield?

Mr. GWYNNE. I yield to the gentleman from Tennessee.

Mr. KEFAUVER. The gentleman is very insistent on giving further protection to the subcontractor. Has not the gentleman stated a little incorrectly the present bill providing that the Government may settle directly? Is it not made mandatory when there is any question about the solvency of the contractor?

Mr. GWYNNE. I was coming to that. That is correct, thanks to the diligent efforts of the gentleman from Tennessee [Mr. KEFAUVER] when the subcommittee was exploring for additional ways to protect subcontractors.

In addition to the provision that the contracting agency may settle, there is an additional provision put in by the Judiciary Subcommittee that in cases where the contracting agency has reasonable ground to believe that the prime contractor is insolvent, it is made mandatory on the contracting agency to supervise the payment so that the subcontractor will be protected in that instance. They will try to follow the payments down and take care of the subcontractor.

Mr. MAY. Will the gentleman yield?

Mr. GWYNNE. No; I cannot yield. I will be glad to yield when I get through with a discussion of the bill. I think a little explanation of this bill might be interesting.

The bill also provides for interim financing. It was realized by the committees writing this legislation that many of the contractors have a lot of money tied up in these contracts. So the bill provides if application is made to the Government, within 30 days, loans will be made or loans will be guaranteed. Loans will be made up to 100 percent for all completed, acceptable items, and up to 90 percent of the cost of what the contractor has in storage and the things that have been accumulated to go into that part of the contract not yet completed. The loan will be liquidated at the time of settlement. If the contractor is overpaid, or if he does not make provision for settlement, the overplus bears interest at the rate of 6 percent. The settlement thus made between the contracting agency and the contractor is final except in about three cases. First, where the parties agree otherwise. Second, in cases of renegotiation. You understand, all of this settlement is subject to be renegotiated. And, third, it is not final and conclusive if evidence of fraud is later discovered.

So far we have been talking about the case where there has been an agreement made between the contracting agency and the contractor.

If there is no agreement, what right then does the contractor have? In that situation, the bill provides that the contracting agency shall then give the contractor findings setting out the amount the agency claims to be due and setting out the basis of its decision. The contractor then may do one of three things. First, he may apply for arbitration. If the contracting agency agrees to it, the case is then arbitrated in accordance with the Federal arbitration laws, which you will find in title XII of the Code, which provides, putting it briefly, that the proper court, which in this case would be the Federal district court or the Court of Claims, will appoint one arbitrator who will have power to subpoena witnesses and to decide the case. That is one thing the contractor may do. Or he may appeal to a special court of appeals set up in this bill. This court of appeals will sit throughout the country and may sit in panels depending on the size of the case they have before it. They may decide the case on its merits. However, the contractor is not bound by the decision of that special court. He may appeal from their decision to either the Court of Claims or to the Federal district court. That is the second thing. First, there is arbitration; second, the special appeal court and the right to go therefrom to the regular courts, and, third, he may go directly to the courts. He may sue in the courts. If the amount involved is less than \$10,000 he may sue in his own Federal district court and if the amount is over \$10,000 he may sue in the Court of Claims.

I want to touch one other thing and that has to do with the General Accounting Office. After that I shall be glad to yield for some of the questions that have been indicated.

What part does the Accounting Office play in this plan? No duties heretofore conferred upon this Office have been taken away from it. On the contrary, we add three very important duties. First, it is the duty of the Comptroller General to see that payment is made in accordance with the terms of the settlement. Second, he may observe and investigate these settlements as they are going through the mill, and if he thinks, for example, that the War Department has not adopted procedure that properly protects the country he may report that to the Congress.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SPRINGER. Mr. Chairman, I yield the distinguished gentleman from Iowa 5 additional minutes.

Mr. GWYNNE. Mr. Chairman, he may recommend other procedure which will protect the Government. The next thing and the most important is, if he believes that any settlement has been induced by fraud he shall report that fact to the Attorney General. The Attorney General is required to investigate and, in the meantime, payment will be held up.

In this bill we have some very drastic penalties for fraud. Let me call your attention to them. In the first place, the running of the statute of limitations is suspended for 3 years after the war.

That is, it ceases to run from the date the bill becomes effective until 3 years after the war; then it runs on until completion.

There are no penalties for innocent mistakes in this legislation. This bill is written in accordance with the old-fashioned criminal rules. We provide that any person who falsely, knowingly, and fraudulently makes a claim against the Government that he knows is fraudulent is subject to the following penalties, and here is what they are: First, he may be required to pay the United States 25 percent of the amount that he fraudulently sought. That is, in case he sought a certain amount and did not get it, he is required to pay 25 percent of that amount. Second, he is required to pay back any amount that he has fraudulently obtained. Third, he is required to pay \$2,000 for each act. That is to cover cases where there would be a small amount involved. Next, he is required to pay double the amount of damages incurred by the Government, and next he has to pay the costs. The provisions of section 80, of 18 United States Code, are made to apply, which provides, in substance, that if any person makes a false and fraudulent claim against the Government he may be fined up to \$10,000 or put in jail not to exceed 10 years.

Mr. Chairman, there are a lot of things about the bill I would like to mention, but I will yield at this time for questions.

Mr. ELSTON of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE. I yield to the gentleman from Ohio.

Mr. ELSTON of Ohio. The gentleman made the statement that under this bill no authority now vested in the Comptroller General has been taken away from him.

Mr. GWYNNE. That is my understanding; yes.

Mr. ELSTON of Ohio. Section 16 (a) very specifically provides that the Comptroller General's authority is confined to determining certain things after final settlement. At the present time the Comptroller General has more authority than that.

In section 18 (a) there is a provision that the Director has authority to indicate what records shall be transmitted to the General Accounting Office. Under that language he could transmit to the General Accounting Office just such records as he saw fit and deprive the Comptroller General of the authority he now has to examine any records of any department.

Mr. GWYNNE. Let me say in answer to that, that the general purpose of the Comptroller General has not been changed. His duty is to see that money is expended in accordance with the way under which it is appropriated. Here we are going about making business settlements; therefore it is not a function of the Comptroller General.

Mr. POULSON. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE. I yield to the gentleman from California.

Mr. POULSON. Is it not true that the substance of this bill is that the settlements are made on the basis of opinion and not on actuarial or actual science, and the accounting profession does not attempt in any way to go into offering opinions? That is the fundamental principle of accounting.

Mr. GWYNNE. That is exactly right. What we need here are men of business judgment; not just auditing ability.

Mr. ROBISON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE. I yield to the gentleman from Kentucky.

Mr. ROBISON of Kentucky. As to this Appeals Board, I see in the report on page 25 it says that the decision of the Board is final and conclusive and not subject to review.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 8 minutes to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON. Mr. Chairman, except for bills providing the sinews of war, I undertake to say that this is the most important bill that will probably come up for consideration at this session. I regard the gentleman from Iowa who has just preceded me as one of the most able lawyers in this House. Since hearing him I can appreciate the technicalities and complexities in this proposed bill.

Many compliments have been passed around, in which I join, to our distinguished colleague from Pennsylvania [Mr. WALTER] and my good friend the gentleman from Mississippi, the chairman of the Post-war Economic Policy and Planning Committee [Mr. COLMER]. But I would like to pay a compliment to the chairman of my committee, and especially the gentleman from Ohio [Mr. ELSTON], and the gentleman from North Carolina [Mr. DURHAM] who for more than a year have given careful study to this very legislation. I hope the gentleman from Ohio is going to have some time to discuss his views of the duties and powers of the Comptroller General of the United States.

When this legislation was first introduced, I decided that I would read some of the so-called Graham report, which was the report of a congressional committee set up following the last war. The scandals and the disgraceful contracts of that war were many. I then decided I would read some of the testimony in the famous Nye investigation of the munition makers and their contracts. We have spent many millions of dollars in this war, and I join with you in passing the best and soundest bill possible to avert any major scandals in this war.

I inquired about the legislative history of legislation that followed the so-called Graham report—and I invite you to read it, as I see some Members before me who were here then—and Congress, almost with one accord, rose up and said, "We need somebody to represent the taxpayers of the country." The result was that they passed the General Accounting Act, and they put a fine, able, courageous man in office. I believe his name was John R. McCarl. I hold no brief for the pres-

ent Comptroller General. He has not discussed this bill with me, nor I with him. I am sure he has made no recommendations or urged any particular bill be passed to any Member of this body. Lindsay Warren needs no defense from any Member of this Congress, because his integrity and ability are beyond question.

The Comptroller General today has 12,000 employees, with an authorization and appropriation for 3,000 more. It is the only independent agency of the Government that reports direct to the Congress of the United States, and through the Congress of the United States to the taxpayers of the United States. I undertake to say now, and I will use my friend from Iowa [Mr. GWYNNE] as a witness, that this bill, if passed in its present form, will take from him many of the powers he now has. So far as war contracts are concerned he will become a mere figurehead. Some have criticized him because he does not want to sit on the proposed board. He is an independent agent of the Congress, and he has no business sitting on any board. No man ever served in this House who has a higher regard for his public duties than he.

I believe I asked my distinguished colleague from New York [Mr. HANCOCK] awhile ago if he had read the hearings on the military appropriation bill we passed yesterday, which provides employment for 10,000 additional persons in this work. We have had five training schools down at the War College. I do not know how many majors or colonels they have, but as I understand it, all employees are in uniform. In addition to that, they took a thousand men in uniform out of the service. The General Accounting Office has been a going concern for 24 years. It was established to do this very kind of work. Now that they have highly important work to do it is proposed to just make them so much window dressing.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield to the gentleman from Pennsylvania.

Mr. WALTER. If the Comptroller General is so busy now that he needs 3,000 additional men, how could that organization possibly undertake to do this job?

Mr. THOMASON. I will say that the Comptroller General is no busier or as busy, probably, as some of the high officials of the War Department, but when he came before our committee he said he could and would terminate contracts in 6 months. That is shown in the hearings of the Committee on Military Affairs and I do not believe he ever makes idle statements before committees.

I repeat that he has 12,000 men in his service now who have been trained in this particular work, and I cannot understand such solicitude for the contractors when Mr. Warren is our immediate representative and in a position to deal fairly with both the contractors and the taxpayers. There can be no collusion or favoritism with him.

Mr. ANDREWS of New York. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield to the gentleman from New York.

Mr. ANDREWS of New York. How long does the gentleman suppose it will take Mr. Warren and his crowd to do this work?

Mr. THOMASON. He will do it just as quickly as anybody else. He said he could and would, and I believe him.

Some statement was made here about some chicken feed cases, or perhaps classic examples. If I had the time I would like to read you the record in at least a hundred cases where large sums of money have already been recovered by Mr. Warren. They are on file in the office of my colleague the gentleman from Kentucky [Mr. MAY]; 270 cases that had been picked out at random last October and left with the Committee on Military Affairs, amounting to many millions of dollars. Why throw the Comptroller General out of the window and set up another bureau when there has been so much complaint about new bureaus? We have heard much talk about bureaucracy. Here we have the Comptroller General with a functioning staff of 12,000 employees, and you propose to establish another bureau. The record would indicate that we now have in the War Department 11,000 men in uniform engaged in this very work. You propose by this legislation to appoint a new Director and set up a new bureau. You set up a director with \$12,000 salary, with all the help he wants.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield to the gentleman from Georgia.

Mr. VINSON of Georgia. Did not the gentleman's committee do that also?

Mr. THOMASON. No; we did not set up a director. We said that the Comptroller General of the United States could set up courts within his Office to handle these cases and take care of the appeals. We gave him more authority, but we created no new offices.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield to the gentleman from Pennsylvania.

Mr. WALTER. The gentleman has talked about these cases of fraud.

Mr. THOMASON. No, I never said they were frauds. I do not care what you call it. The Comptroller General recovered vast sums of money.

Mr. WALTER. Gross negligence, or mistakes, or whatever they are. The gentleman talks about these cases where the Government stood to lose a lot of money. I call the gentleman's attention to the fact that after those cases were selected the Under Secretary of War, than whom there is not a finer citizen in this land, requested permission to appear before the gentleman's committee to refute those charges, and was given that opportunity. On the 21st of October 1943, he pointed out that the facts disclosed that in 99.9 percent of the cases submitted to his Department—

Mr. THOMASON. I cannot yield any longer, because you cut us down so on

time you would not even give my friend from Ohio [Mr. ELSTON] any time.

I join with my friend in saying that there is no finer or more honorable man or more able man in or out of the Government than the Under Secretary of War, Mr. Patterson. I count him one of my good friends. I would trust him about anything. Nevertheless, I say that is no justification for throwing out the Comptroller General of the United States, who is the immediate and direct representative of this Congress, and also a very able and honorable man.

Mr. MARTIN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield to the gentleman from Iowa.

Mr. MARTIN of Iowa. I tried to get the General Accounting Office to give us in the Committee on Military Affairs a list of the items that Lindsay Warren presented to us that the Accounting Office had dug up without military assistance. I have never yet got that list.

Mr. THOMASON. I do not know about that. Mr. Warren came before the committee and put 270—I quote from the record—memoranda of contracts on the chairman's table and said that he had picked them at random. They run into many millions of dollars. He recovered several millions. He will recover more if you will give him the authority.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. VINSON], chairman of the Committee on Naval Affairs.

Mr. VINSON of Georgia. Mr. Chairman, I am glad to have an opportunity to speak briefly in support of S. 1718.

The Naval Affairs Committee devoted almost 3 months to the study of the subject of contract termination. We held extensive hearings on all phases of the problem. As a result I introduced H. R. 4382 which related to the termination of the contracts of the Navy Department, and later introduced an improved version, namely, H. R. 4469. It finally became clear from the testimony that the contract termination problem of all the agencies of the Government should be covered by a single statute, and H. R. 4469 as reported out was a general bill with a scope similar to S. 1718. As the result of the study made by the Naval Affairs Committee and of the work done in preparing these bills, I think I have acquired sufficient background to justify me in making a few comments to the House.

In the first place let me say that I have no pride of authorship whatever and that my sole interest is in making sure that a sound and workable contract termination bill is enacted before Congress recesses. S. 1718 is such a bill. There is hardly a measure on our calendar which is more important. If, as we all pray, this country and our allies should gain an early victory in Europe, and if a contract termination bill has not been passed, when a flood of terminations are unloosed, Congress would have a very serious responsibility for the disaster which would result. I am not predict-

ing that the European phase of the war will be over soon, but that is a possibility for which we must prepare.

I am not going to compare S. 1718 with my bill because my bill is not before you and I do not wish to discuss a matter of purely academic interest. Let me say only that I have studied the provisions of the pending measure very carefully and I consider it a very well-considered and excellently drafted bill. In several places I believe I see signs that the draftsmen incorporated various provisions from H. R. 4469, and the bill is all the better for that. As S. 1718 now stands, it grants to the executive agencies all the necessary powers to handle the problems of contract termination, and at the same time lays down congressional standards which will guide the administrators and give the public assurance that the standards of administration will not be subject to administrative whim but rest on the foundation of a solid congressional mandate.

There is only one respect in which I believe the bill is defective and feel compelled to offer an amendment. Unlike my bill, the pending measure contains no provision which would require administrative review of settlements involving large amounts. So far as the requirements of this bill are concerned, the individual contracting officers of the various agencies have unlimited discretion. Any one of them could commit the Government to pay a million dollars or, for that matter, a hundred million dollars without anyone else in the Department checking on his judgment. I know that as a practical matter the Army and Navy will check and double check on all substantial payments before they are made. However, I do not believe that Congress will have fulfilled its duty if it does not insist as a statutory matter that settlements involving large amounts must be reviewed within the agency before the Government is committed.

In my bill (H. R. 4469) there is a provision that agreed settlements of fixed price supply contracts involving \$50,000 or more shall not be binding on the Government unless approved by a settlement review board established within the agency concerned, or if disapproved by the board, unless approved by the head of the cognizant bureau. If the settlement involves \$100,000 or more, under my bill it would not be binding unless approved by the head of the Bureau which made the contract, and if a million dollars was involved the settlement would have to have the personal approval of the Secretary of the Department. I am told that in the War Department, because of its highly decentralized procurement system, it is not feasible to require the approval of bureau chiefs or of the Secretary in the case of large settlements, and I am willing to eliminate these requirements. But reviews by special boards can be had in the field and reviews by such boards of settlements of substantial size I consider to be a minimum requirement. Accordingly, I am sending up to the desk an amendment which incorporates this proposal.

The procedure which would be required by this amendment is already in effect. Justice Byrnes on May 2 issued a directive which provides that no proposed settlement of a prime contract or a subcontract for an amount exceeding \$50,000 shall be binding on the Government unless the proposed settlement has been approved by a settlement review board, established within the agency, or if disapproved by such a board, until approved by the head of the procuring agency or such representative as he may designate for that purpose. However, I do not think that the question whether or not to prescribe such reviews should be left entirely within the discretion of the executive agencies. If it is sound to require that settlements be reviewed, that requirement should be stated in the statute.

With this one exception, I am wholeheartedly in favor of the bill. I cannot too strongly urge that the House pass the bill promptly, and above all that it be passed without amendments, which would defeat the entire purpose of the legislation. In particular, I want to impress upon the House the danger which would be involved in amending the bill to make any final settlement contingent upon the approval of the Comptroller General. In view of the vital importance of this issue and the fact that there is so much misunderstanding of what it involves, I should like to devote my remaining time to discussing the proper function of the Comptroller General in termination settlements.

This is a matter which was taken up at great length in the hearings before the Naval Affairs Committee. We heard the Comptroller General and the Assistant Comptroller General, and we got the viewpoint of the procuring agencies. We also heard the neutral viewpoint of the professional accountants through the testimony of the chairman of the contract termination committee of the American Institute of Accountants. As a result of these hearings I think we have a balanced picture of the situation, and there is no question in my mind that Congress would be making a terrible mistake if it gave the Comptroller General any more than a post-audit function in connection with contract settlements.

S. 1718 provides that the procuring agencies shall have authority to make final settlements, that those settlements shall not be subject to prior approval by the Comptroller General or subject to reopening by him, unless the settlement was induced by fraud. With the addition of a requirement for internal administrative review, along the lines I have just discussed, these provisions are sound. Indeed, if they are changed there is no point to passing this bill because it would not make possible fair and expeditious settlements.

There are two reasons why I am unalterably opposed to requiring the approval of the General Accounting Office before a settlement becomes final, or what amounts to the same thing, permitting the General Accounting Office to reopen settlements except, as I have said, where a settlement was induced by

fraud. My first objection is that the result would be such delay in settlements as to invite a break-down of our settlement machinery with the danger of bringing on an economic crisis. My second objection is that requiring approval of the Comptroller General would result, in the long run, in a waste of public money. Yes; I believe that if the Comptroller General must approve settlements, or has the power to reopen them, the amounts paid would be larger than if the responsibility for making settlements is left with the procuring agencies. I believe I can demonstrate that is the way it would work out in practice.

First let me take up the question of the delays which would result if settlements were made or approved in the General Accounting Office. You have probably heard a lot of claims made as to the amount of time required by the General Accounting Office to pass on contract settlements. Here are some statistics on the actual facts of the case, which will throw some light on these claims. The testimony before the Naval Affairs Committee includes an analysis of all the exceptions received by the Navy Disbursing Office in Washington for the 15 months from July 1, 1942, through September 30, 1943. A total of 7,044 exceptions were received in this period. Some of the exceptions related to disbursements made in 1940, some to disbursements made in 1941, and the remainder to disbursements made in 1942. The average time required to take the exceptions on the 1940 disbursements was 22½ months—almost 2 years. The average time required on the 1941 disbursements was 14½ months, and on the 1942 disbursements, 12½ months. The average time required on all 7,044 vouchers for all 3 years was over 14 months. Now, gentlemen, this was not the time that the General Accounting Office took to approve these disbursements. This was the time required to take exceptions to the disbursements. Many months more will be required to clear up these exceptions. Remember, in most of these cases the exceptions were simply on the ground that there was not sufficient data. In the light of these figures how can anyone claim that the General Accounting Office can be counted on to clear settlement agreements within any reasonable time?

The Comptroller General, in his testimony before the Naval Affairs Committee, claimed that he could review these agreements within 6 months, but the catch is that the 6-month period would begin to run only after he received what he considered to be an adequate supporting file. If, as I am certain would happen, his organization got bogged down, they would be compelled to do one of two things. Either they would rubber-stamp the claims, after months of delay, which would make the whole procedure a farce, or they would simply take wholesale exceptions to all the settlements on the ground that the supporting data was inadequate, and it is anybody's guess how many months or years would be required to clear up those exceptions.

Now let me discuss the question whether the Comptroller General would save the Treasury any money if he had the right to review settlements before they became final. Some Members of the House may have an exaggerated opinion as to the savings which have been accomplished by the Comptroller General's office in the past. Occasionally there has been some sensational newspaper publicity about a disallowance of a few hundred dollars for the purchase of a set of false teeth or some similar item, and only rarely does the matter-of-fact and sensible explanation catch up with the sensational charges which were broadcast. Some figures from the hearings before the Naval Affairs Committee will illuminate this subject for the Members of the House. No discussion of single items will be helpful in deciding this broad question. Instead let us take the over-all results of the work of the General Accounting Office.

There was presented to our committee an analysis of all the General Accounting Office's exceptions to the disbursements of the Navy Department which were received by that Department from July 1, 1942, through March 31, 1944, a total of 21 months. These figures were practically current as of the time the testimony was introduced. In that period the General Accounting Office took a total of 7,518 exceptions covering both fixed-price and cost-plus-a-fixed-fee contracts.

Of this total, 6,422 exceptions, or more than 85 percent, were purely technical. They related to such matters as missing cross-references, misplaced signatures, and so forth—Government red tape, in other words. That left a total of 1,096 exceptions, or less than 15 percent, which related to adjustment of payments, that is, which involved the question of the number of dollars to be paid by the Government. The total of all these adjustments was less than \$150,000, or an average of less than \$150. In fact, almost two-thirds involved adjustments of less than \$25. Of the total adjustments of \$150,000, the testimony before our committee showed that the Navy's own control procedures would have revealed approximately half, so that the Comptroller General can claim credit for only \$75,000 of savings. Now we have to compare that with the amount of money paid out in the period in which these vouchers were issued. The vouchers covered the 21 months from April 1, 1941, to December 31, 1942. In that period the Navy issued 500,000 vouchers involving \$11,000,000,000. The recovery attributable to the General Accounting Office was therefore less than 1 cent for each \$1,800 paid out by the Navy Department. Does this testimony indicate that it would be profitable to risk a business depression and wholesale unemployment of labor by requiring a Comptroller General review of settlements before they are permitted to become final?

Perhaps some of you have the impression that the executive departments are not sufficiently scrutinizing the claims which they pay. Yet in the same period in which the General Accounting

Office shaved \$75,000 from the Government's payments to contractors, the Navy Cost Inspection Service disallowed more than \$49,000,000 of contractors' costs, more than 600 times the recovery attributable to the General Accounting Office.

These facts may seem startling to some of you but they have not been controverted. On the basis of these facts we are entitled to believe that the procuring agencies would do a creditable job if we do not tie their hands, that a good deal of the criticism of their work has been based on a few exceptional cases which have been given wide publicity. I am satisfied that what is required in order to get further protection for the Government is to adopt my amendment which would require reviews within the departments for large settlements, rather than to make the actions of the procuring agencies subject to the approval of the General Accounting Office and thus lead to a division of responsibility and that inevitable "buck passing" which occurs when you divide up responsibility.

I said a moment ago that in my opinion if settlements could not be made final until approved by the Comptroller General, the settlements would cost the Government a great deal more money than if the procuring agencies are allowed to continue to make final settlements. Here is the reason. The procuring agencies are the only ones familiar with the operations which have taken place under a contract and are the only ones in position to drive a reasonably good bargain in settlement. If a contractor knows that the Department with which he is dealing is in position to make a binding commitment, he will frequently be willing to make substantial concessions in order to wind up his claim, get his payment, and be able to turn his attention to the business of peacetime production. However, if he knows that the Department cannot make a firm commitment to him, he would be foolish to make his best offer to the Department. Instead, when he puts in a claim the sky will be the limit. With the responsibility divided between two agencies, and with the Department unable to make any firm counter offers, in many cases he would get what he has asked for. The statistics which I have cited demonstrate that you could not depend on the General Accounting Office to prevent excessive claims. The exceptions taken by that office are for the most part based on technical details, rather than on differences in business judgment which might result in substantial dollar savings. If the Departments refused to pay the claims on the ground that they were too high, the contractor would simply go to court. You would only add the cost of litigation to the amount which the Government owes and the delays would run into years and years ahead.

I shall not stress the effect of the delays in litigation on the economy of the country if a great many settlements were held up in this way. I think without laboring the point that the House will

appreciate how ill we can afford to drive contractors to litigation solely because Congress has failed to grant the necessary authority to reach sound negotiated settlements.

The failure of Congress to give the Departments authority to make final settlements may be expensive to the Government in another way. If you divide responsibility, if you create a situation where whenever anything goes wrong the Departments would blame the Comptroller General, and the Comptroller General would blame the Departments, you must expect a lowering of morale and a failure on the part of the Government's representatives to bargain as vigorously as is necessary to protect the Governments' interest. In the long run the only way to protect the Government is by securing able people and establishing an effective administrative system. When you divide responsibility you make it more difficult to secure able people and you have an unsound administrative system.

I hope the Members of the House will not conclude from what I have said that I think the Comptroller General does not have a useful function with respect to termination settlements. On the contrary, there is a very important part of the job that he can do. The Naval Affairs Committee was very much impressed with the testimony given on behalf of the American Institute of Accountants, which is the national association of the professional certified public accountants in this country. The association took the position that a contract settlement should be audited in exactly the same way that the financial affairs of private business corporations were audited. The association was strongly opposed, on principle, to giving accountants or auditors, whether for private business or for the Government, any administrative or managerial authority. They took the position that only delay, confusion, and harm would result if the auditors considered it their function to duplicate the work and attempt to challenge the business judgment of the administrative agencies, or the legal interpretations of their counsel, on every transaction. The true function of the auditor, they said, was to check up on procedures and to help set up a sound and workable system of financial controls. In other words, the auditors should not compete with the administrative agencies and duplicate their work but should help them to do a good job by suggesting improvements in operating procedures.

The witness for the association said that any certified public accountant would recoil at the thought of reviewing the administrative judgment of the organization he was supposed to audit, or of having a veto power on the exercise of discretion by the management, or of having the right to reopen transactions which had been settled by the management in the exercise of honest business judgment.

Now the question is asked, what good does it do to have an audit after the

transaction is closed? We are told that this is like locking the barn after the horse is stolen. Yet that is exactly the kind of audit which private corporations find so helpful. In my opinion such comments show a lack of understanding of the purpose of an audit. The statistics I gave you showed that the system of reviewing the judgment of administrators by the General Accounting Office has put that Office many months behind in its work. In truth, the system now is one in which the Comptroller General does not find out what has happened until months or years after the transactions are over. I question whether the right of recourse against disbursing officers years after the event offers more than a theoretical remedy. On the other hand, by the universally accepted technique of professional public accountants, there is a continuing process of sample auditing of individual transactions in the field, there is a close scrutiny of settlement procedures and the settlement staff, there is a continuing and current appraisal of the over-all soundness and effectiveness of the financial controls of the organization, and there is continuing improvement in procedures and efficiency. That is the kind of contribution which has helped our industries to run their affairs so well, and that is the kind of contribution the Comptroller General should make in the handling of termination settlements.

Naturally, where fraud is found, the settlement should be opened up and the guilty parties severely punished. S. 1718 so provides. I would oppose, however, any broadening of the language which would give the General Accounting Office the right to reopen settlements because of differences of opinion on business or legal matters. The suggestion has been made that the Comptroller General should have the right to reopen settlements where he finds that gross carelessness existed. That sounds plausible, but the effect would be to bring the General Accounting Office in by the back door, with a veto power on every transaction, because whenever it disagreed on a matter of law or fact it could say that anyone who disagreed was grossly careless.

The General Accounting Office provisions go to the heart of this bill. Let me urge again that you reject any amendment which would require the General Accounting Office to approve any settlement before it became final or which would permit the reopening of settlements honestly made.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. MAY. That certainly shows he did not delay anything, but that he expedited it, even though the amount was large.

Mr. VINSON of Georgia. Mr. Chairman, I just pointed out that the average of delay on exceptions has been over 22 months.

Mr. HANCOCK. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. GRANT].

Mr. GRANT of Indiana. Mr. Chairman, this bill has already been explained so well in detail by previous speakers that there is not a great deal more to add.

The gentleman from Georgia [Mr. VINSON], chairman of the Naval Affairs Committee, on which I am privileged to serve as a member, has correctly stated that the provisions pertaining to the General Accounting Office go to the very heart of this bill. It has been stated many times during this debate that speed, and more speed, is the very essence of any solution to this tremendous problem of canceled war contracts. There are many of us who feel that if, after the processes of termination have been completed in the several departments, that there then must be a further audit and an approval by the Comptroller General; that then in many cases the train will be gone and private industry will not be able to survive the long period of waiting which will inevitably follow.

What will this mean? It will mean no jobs for our millions of American workers, including the millions and millions of men in uniform who will be coming back some of these days—soon we hope—looking for jobs in private industry and who do not want to come back to a job working for the Government. And if our American standard of living is to endure, we must make certain that they do not come back to a dole. Every reasonable effort must be exerted to make certain that private industry will be able to speedily convert to civilian production to make jobs for Americans.

The machinery for the settlement of terminated war contracts is but the first of several steps which must be taken before this job can be considered done. The pending bill is a good one and very closely resembles a bill on this subject that we reported out from the Committee on Naval Affairs.

I hope that we may have speedy enactment of the pending legislation and express the further hope that we may have speedy action on the other pressing problems which come to us in the period of rehabilitation and reconstruction which inevitably follows war.

Mrs. LUCE. Mr. Chairman, as a member of the Military Affairs Committee who signed the minority report on H. R. 3022, sent to the Rules Committee on March 20, I arise now in general support of S. 1718, dealing with the same great problem of contract termination. The recommendations of the minority report are embodied, in all essentials, in the bill before us.

For more than 7 months Congress has been considering the problem of the settlement of terminated war contracts.

The same ground has been turned over so often by so many committees that it is clearly time to stop ploughing and to start planting. I know I speak for most of the Republicans in the House when I say we welcome the chance to vote at last on this vital legislation.

Contract-settlement legislation has long been urgently needed as a war measure. I am told that the War Department has already canceled 20,000

war contracts, and the Navy another 4,000. Today these terminations are not being settled quickly enough—even the procurement agencies admit this. The organization within the agencies is not adequate; nor does it have adequate legislative authority.

Today's cancellation job is like a spring shower compared to the cloudburst of cancellation that will flood American industry the hour that Germany's defeat is inevitable.

If the job of cancellations is going too slowly today, what will happen when the really big job hits the country?

Mr. Chairman, those of us who have had some opportunities to study this legislation in committee are not being alarmists when we say that if this contract-settlement legislation is not enacted swiftly so the proper administrative program is well under way before Germany's defeat, we face what Churchill would call a "most melancholy situation" on the home front. Not only will our return to civilian production be hamstrung, but the war against Japan will be hindered by the widespread subsequent dislocations in industry. That will mean a longer war and therefore a longer casualty list.

Already uncertainty regarding contract settlement has sent peace jitters through some industries, which are understandably reluctant to take on new war orders for fear all their assets may be frozen in these contracts when the war suddenly ends. How much greater will be the peace jitters after Germany's defeat?

Several hundred million dollars of materials, inventories, machine tools, and so forth, are today tied up in terminated war contracts. Much of this is usable—even if only as scrap. But it cannot be moved into the production lines, until the terminated contracts are settled. All such materials become idle resources. Idle, they will inevitably tie up war-manpower, which should be released in a rapid and orderly fashion for other pressing purposes.

The hundreds of millions of dollars in such materials now tied up will swell into the billions after there are large-scale contract cancellations. In some cases, these things may make the difference between whether a given industry is allowed to go back to civilian production, or whether it stays, marking time, out of business, while the workers stay out of jobs.

I may have followed this question of contract settlement more closely than others because it is a prosper-or-bust matter for the district which I represent. A large part of my district consists of the city of Bridgeport. Bridgeport is a city that has gone all-out for the war. We face the necessity of making tremendous adjustments with the collapse of Germany on the X-day which none of us can predict.

By far the greater portion of Bridgeport factories are producing for war contracts; the majority of our workers are in war industries.

We produce bazooka guns, machine guns, radar, parachute webbing, small-arms ammunition, antiaircraft search-

lights, electrical equipment, firearms, airplanes, airplane equipment and instruments, cartridge cases, naval valves, gages, and so forth. To produce these things, Bridgeport manufacturers converted from the manufacture of typewriters, dictaphones, machine tools, steam gages, electrical supplies, brass fittings, brake linings, and other articles for civilian use. How much unemployment there will be in Bridgeport after Germany's defeat, and after Japan's defeat, will be decided in good measure on how quickly these manufacturers can go back to the production of their normal peacetime products.

The same holds true, of course, for all war-industry centers, for all of Connecticut, for Detroit, Chicago, Cleveland, Birmingham, New Orleans, everywhere. Farmers, as well, will suffer the repercussions of faulty termination. Most of the produce from the farms of Fairfield County is sold in Bridgeport. If workers are jobless, they will eat less, and our farmers will find it more difficult to market their abundant crops.

What stands in the way of industry's shifting from war to peace production?

First. There is the physical problem of clearing Government war work out of the way to make room for new peacetime work, of moving out machines, materials, partly finished parts, work in progress.

Second. There is the problem of freeing the working capital which the manufacturer has tied up in the war contract, so he can buy new materials and equipment and pay his workers.

It is these two questions, how to get Government work out of the plant so new peace work can come in and how to pay the manufacturer what the Government owes him, that are taken care of in the contract-settlement legislation before us.

It is the small businessman who needs this legislation most—not the big fellow. Most small businessmen doing war work are subcontractors or sub-subcontractors. I know that is true of Bridgeport, where we have lots of little companies as well as large corporations represented. These little manufacturers do not have a contract directly with the Government. They make things which they sell to a prime contractor who deals directly with the Government.

The present method of settling war contracts resembles a bucket brigade. That is, the Government settles with the prime contractor. The prime contractor then passes payments on to his subcontractor, who in turn passes the bucket down the line to other subcontractors and suppliers. Many small businesses in Bridgeport—and this is true of the whole country—are way at the end of a long bucket line.

There is no authority at present to permit the Government to settle with these subcontractors directly. Legislation is needed for this.

In the Baruch-Hancock report, a number of specific measures were set forth to speed settlements of the claims of subcontractors, including a way of settling subcontracts even before the

prime contract is settled. Legislation is needed for this.

Legislation is needed to permit a new revolutionary type of settlement that has been proposed, the so-called company-wide type of settlement. At present, each individual contract is settled individually and all of the work done on that contract must be followed through contract by contract. The company-wide type of settlement would call for all of the claims of any company being merged into a single claim and being settled on that basis. Obviously, if a workable administrative plan is developed for this type of settlement, it would speed and simplify the whole problem. There is no legislative authority at present for making such settlements even on an experimental basis.

Another vital need is the establishment of a system of interim loans—T loans, according to the Baruch-Hancock report—which all contractors, both prime and subs, will be able to get from their local banks while they are awaiting settlement. There are bound to be some delays in settlement, even at best. Here again, the need for such loans is greatest on the part of the small manufacturer, whose never very sizable liquid assets are tied up in war contracts.

There can be no question as to who else besides small businessmen, will suffer if this legislation is not passed immediately—it will be workers and returning service men and women who will find themselves jobless—for business big or little cannot survive long delays in settlement and keep up employment.

Of course, many other problems besides the settlement of terminated war contracts are involved in reconversion. There are great human problems which certainly are of first importance and for which our preparations still are inadequate. I am wholly in accord with Congressman CELLER's additional views on these matters as embodied in the report from the Committee on the Judiciary to accompany S. 1718 as amended.

There are also the problems of making credit more readily available to small business, of properly stimulating post-war housing, of planning and engineering a shelf of needed public-works projects as insurance against possible depression, of taxes, the disposal of surplus Government property—and many others. All of these things, particularly the human problems, as noted by the gentleman from New York [Mr. CELLER], are of great importance and it is no credit to the Democratic leadership of this House that so little vigorous leadership in planning has been given on them. The need for vigorous planning and national leadership on these question has been long apparent.

With contract settlement the situation differs in this important sense—what needs to be done is known and here presented in S. 1718. If we can legislate on this matter today, and we should do so—certainly before this Congress recesses for the political conventions.

There is substantial agreement as to the legislation before us among most of

the groups who have been studying the problem.

All of the procurement agencies have approved the bill before us in most particulars. There is no reason for further delay in the passage. I know—and I am sure I voice the sentiments of many in this Chamber—that I do not want any responsibility for not having this legislation enacted promptly.

In the course of the discussions on this matter, I have noticed several bits of confusion and I would like to try to straighten those points out.

As a matter of perspective, I think it is important that the Congress realize that this legislation is really an enabling act for the program of contract settlement set forth in the Baruch-Hancock report.

In this sense, I believe this bill breaks tradition. This is, I believe, the first time in this administration that Congress has been given a detailed administrative program in advance of a request for legislation. Generally, the practice followed has been to point out that a crisis or emergency exists—as indeed when has one not existed since the New Deal came to power?—The administration spokesmen then point out how complicated the problem caused by the crisis is, and then ask Congress for broad legislative authority to do almost anything the administration may desire to do about it later.

On this matter, however, we had a plan of administrative action set forth by the Baruch-Hancock report. We know exactly how the authority granted in this legislation is supposed to be used.

What was the essential purpose of this legislation, and of the Baruch-Hancock program?

The answer is to save the Government—which is the people—millions of dollars. That is the whole point of contract termination.

None of the problems of contract settlement would arise if we allowed all war contracts outstanding to be completed. If we did that, however, we would produce billions of dollars of things that were no longer needed and which would have to be given away or destroyed. This would be a tremendous waste of money and resources. The idea of contract termination is to break off the contract as soon as it is clear the stuff is no longer needed; to pay for the work that is begun; and to stop work on what has not been started.

All of the problems of settlement come from this fact—that the Government has broken off the contract in the middle.

This is an important point, because in committee many proposals have been made which would strip the procurement agencies of their authority to settle these contracts, and yet would continue these procurement agencies in full and final responsibility if the contracts were not canceled. In effect, if Congress were to enact such a bill—and I have in mind H. R. 3022 against which I voted when it was before the Military Affairs Committee—Congress would be saying to the procurement agencies, "We have every con-

fidence in you to spend all these billions, to make contracts as you see fit, but when you cancel a contract to save money, then your every act must be subject to review."

If the Government does terminate a war contract, at its own convenience, it must repay the manufacturer the costs that he already has incurred plus a reasonable profit. This is provided for in the contract. It is something the manufacturer could get by going to court. All that is proposed under this legislation is that the Government determine what it owes quickly—and that it pay what it owes quickly.

This legislation will not give anything away to the manufacturer. It is not a bonus bill for business. It simply provides machinery for the Government to pay what it owes—no more—but quickly. This speed is certainly in the public interest.

The rights of the contractor on termination are set forth in the contract itself. My colleagues will remember last January the Uniform Termination Article worked out by Mr. Baruch and Mr. Hancock. That set forth the rights of the contractor and the whole contract settlement program is built around it. This article provides that the contractor will get only the actual costs that he has incurred plus a reasonable profit. On work that he has not begun and on which no costs have been incurred, he gets nothing—no costs, no profit. This provides for stiffer treatment of war contractors than after the last war.

Moreover, after the last war there was no 85 percent excess-profits tax; no renegotiation. The money paid out in settlements is subject to both the tax and renegotiation.

This is anything but careless treatment of the taxpayers' money. I think I can understand how some persons have received false impressions on this matter. Because so much emphasis is placed on the need for machinery to make payments quickly, some people have naturally jumped to the conclusion that the bill provided for generous payments.

How to determine what the Government owes is not, unhappily, a simple mathematical problem. Precisely because the contract is canceled in the middle, the work in process rests in every stage from raw materials to parts almost finished. To require a detailed audit for every settlement of war contracts would require dozens of years. Only through settlements by negotiation can the job be done without disastrous unemployment.

And as far as I know, no one has suggested that these negotiations with the contractors be handled by a new organization instead of the procurement agencies. It is universally agreed that the procurement agencies are the best ones to do the negotiating. They know the contracts, know the manufacturers, have the organization and experience, and their negotiators, as I have seen in the Chicago and Detroit ordnance districts, work in teams and not as lone individuals.

This brings me to the one really controversial issue before the House—the role of the General Accounting Office in regard to these negotiated settlements.

All of us want to prevent scandal and fraud. All of us are anxious to protect the public interest and prevent the wasteful expenditure of Government money. There can be no absolute guaranty against abuse and even fraud, if only because of the magnitude of the job. Something like 200,000 prime contracts will have to be settled; more than a million subcontracts. Some mistakes are bound to be made in operations of that size.

The essential problem before Congress—and I believe I am stating this issue reasonably—is one of weighing the safeguards that are proposed against the risks of delays and to strike a proper balance. This is what has been done in the bill now before us.

For one major reason I am opposed to the proposal to require every terminated war contract to be reviewed by the Comptroller General with no payment final until this review is made. I am opposed to it because the risks and costs of the delays in settlement that would result are overwhelmingly greater than any possible savings there could be to the Government. In dollars alone the cost to the Government would be greater. If contract settlements are delayed, the pressure to continue the production of unnecessary goods will be greater. Contracts will not be canceled as promptly. After the last war I am informed a billion dollars of unneeded war goods were produced, and in this war the sum will be infinitely greater. In addition, there will be the dollar costs of unemployment benefits, the loss of tax revenues, and, of course, the general economic losses to the whole country of wages and business.

Without finality of settlement, sub-contractors cannot be paid promptly enough. This would mean bankruptcies whose effects would snowball as they rolled down the bucket brigade line of subs.

Without finality, there could be no effective clearing of plants. Manufacturers would insist that the Government keep everything and this stuff would have to be moved into warehouses. The handling charges would be heavy, and once taken to warehouses much of this stuff would never come out in time to be sold.

The bill before us preserves the idea of finality of settlement—of negotiating these settlements once and for all except for fraud. It seems to me that the assumption which this bill makes—that the majority of American businessmen are honest—is the proper one. The assumption of those who favor the idea that every contract must be reviewed by the Comptroller General seems to be that the vast majority of businessmen in America—and the negotiators themselves—are crooked. I feel this to be a strange view to hold of American business, and I believe that it is held by no important group in the United States of America except new dealers and demagogues.

When my committee made its trip to Detroit and Chicago ordnance districts, I was impressed by the fact that the negotiation on the part of the Government was not done by one man, but by teams. This team idea is now a central feature of the whole contract settlement program. These teams are made up generally of five or six men, each with their assistants. They all work together and file a written report. The final decision is left to a contracting officer, since there must be one man to decide, but where this contracting officer departs from the findings of the team, he must give his reasons in writing. This, it seems to me, is a tremendous safeguard against fraud or collusion. Equally important, it is a protection to each individual team member so that he can exercise his own independent judgment with courage.

Many other safeguards are provided, such as requiring contractors to keep records for 5 years, but there is one which is worth special mention. In this bill a Director of Contract Settlements is to be named by the President and confirmed by the Senate. This Director is given the authority to prescribe the safeguards that must be followed by all of the procurement agencies. This means that the Director can provide for additional safeguards if they become necessary. This Director is given the responsibility of keeping in constant balance the essential problem of obtaining quick settlement while protecting the Government. It provides for the necessary flexibility that is indispensable in any such operation.

It is interesting to note that all of the witnesses who appeared before all of the committees of Congress that have studied this problem, both in the House and the Senate, not one important witness, as far as I know, was in favor of the idea of having these settlements reviewed by the General Accounting Office, and all of the witnesses that testified on this point stressed the importance of speed and finality in making these settlements. These witnesses included representatives of all the major business organizations, small businessmen, medium-sized ones, the professional groups concerned, the American Federation of Labor, the Committee for Economic Development, the Massachusetts State Post-war Planning Committee—in short, all of the groups who have been studying the problems of reconversion and post-war adjustments.

The issues seem clear enough and the answers as given by many able colleagues on this floor today are equally clear. It is time to vote.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 6 minutes to the gentleman from North Carolina [Mr. DURHAM].

Mr. DURHAM. Mr. Chairman, the basic issue in termination falls in about three categories.

First. What shall the contractor whose orders have been terminated be required to do to satisfy the Government that he has actually incurred the cost he claims?

Second. The method whereby the Government will supervise the program,

which is purely an administrative problem.

Third. Provisions for financing the contractors during the termination period.

We all know that our post-war economy must be built on a high percentage of employment if we hope to furnish a market for our goods and, to be sure, no one wants to go back to W. P. A. employment.

The coming days of demobilization will be difficult for millions of people. Millions of men and women will have to take up new forms of work and the adjustments of our economy to a peacetime basis will bring a multitude of stresses and strains, and labor should not be called upon to bear all the sacrifices and strains.

Every thoughtful American today knows that full employment is a bulwark against all issues. Above all we must demonstrate that we can keep our economy moving and not become static as we did in the thirties.

Some time prior to June 1943 an endeavor was made by the sponsors and framers of the original H. R. 3022 to attach the substance thereof as a rider to the Army appropriation bill for the fiscal year 1944. This endeavor was discouraged, and properly so, by the chairman of the Committee on Military Affairs, whereupon the original H. R. 3022 came before the committee for hearing June 23, 1943. That draft sought to grant large authority to the Secretary of War "in connection with the termination of War Department contracts, under such regulations as he may prescribe and without regard to any provision of law relating to the making of contracts for advance or partial payments to contractors with the War Department."

The draft was tabled almost immediately, and another was substituted which extended the authority to the other purchasing departments. This substitute also contained the clause, obnoxious to some members of the committee, "without regard to any provision of law." From that time to the present the chief point at issue has been whether or not those agencies which had negotiated the contracts were to have the plenary powers in effecting their terminations which are set forth in Procurement Regulations No. 15—PR-15.

Hearings held on H. R. 3022 from June 23 to October 27, 1943, cover more than 600 printed pages. At length, on March 20, 1944, the final revision was introduced accompanied by Report No. 1268.

So, out of more than a year's study and the hearing of testimony from every available source in the field of industry, certain principles have emerged forming the point at issue with respect to the settlement of terminated war contracts.

First and foremost is the question of finality and whether or not upon the meeting of the minds of the contracting officer acting for the department or agency of the Government he represents, and the contractor, there shall thereupon be an end to every question relating to that particular terminated contract

except for a possible post-audit to determine only whether there has been fraud or overpayment of the settlement as agreed; or, on the other hand, whether such settlements shall be reviewable as an entirety by a Government agency responsible to Congress, and hence to the taxpayer, to determine before that settlement becomes a finality, whether or not the amount paid to the contractor was excessive, whether the agreement is fraught with questionable practice, or whether there has been any other irregularity.

This is undoubtedly a fundamental question and open to almost endless argument in many directions; but a careful analysis of all the testimony on the part of industry shows clearly that expediency, based very likely upon war emergency hysteria, has been largely responsible for urging the principles of finality upon the conclusion of negotiations between the contracting officer and the contractor. It is a fear of being caught by a shortage of funds to carry on business. Admittedly, it is a good reason. It should be considered, however, that once the principle is established that a contracting officer of a Government agency shall be the final arbiter of how much a contractor should be paid, that all checks against his discretion, his action, his favoritism, or prejudice, shall be eliminated or never provided, then you have thrown wide the vaults protecting the resources of the Treasury and let loose upon industry an uncontrolled power which conceivably could determine its very existence.

There is absolutely nothing in the Baruch plan which provides for such a check, but on the other hand says, page 6:

The review powers of the Comptroller General should be limited to fraud, with every administrative aid of all the agencies in the detection of fraud. This is in addition to his determining whether settlement payments are made in accordance with the settlement agreement.

To aid in the detection of fraud, it recommends:

That written reports and full records be kept by the Government negotiators of the bases of settlement; also, the contractors to keep their records for at least 3 years.

It recommends that the Comptroller be added to the Joint Contract Termination Board. It states on page 10 that the major objectives requiring legislation in connection with contract termination are met by Senate bill 1718 prepared by the committees of Senators GEORGE and MURRAY.

Associated intimately with this question of finality, and probably responsible largely for the insistence upon it, is the essentiality of payment of the amount of the settlement claim to the contractor in full, this being based principally upon the relation of the capital structure of industrial plants to the enormous sums involved in war contracts. This has been adequately met by H. R. 3022 because it distinctly provides that the items which are susceptible of immediate termination as to value shall be paid 100 percent; that those items which are subject to variation shall be paid to the extent of 90

percent; and that as to the balance, the Government shall guarantee a loan.

In determining the amount of the claim to be so paid, the Government shall select whichever is the lesser, that estimated by the contracting officer or that estimated by the contractor. It provides, in addition, that the record of the company desiring a loan shall be such as to give reasonable expectation that the loan will be paid. It cannot be said that this is not a wise precaution, because there are thousands of concerns which have sprung up during the emergency and which have no background whatever to support a Government-guaranteed loan.

This provides everything in the way of immediate cash payment that is suggested in the Baruch report, page 8. Additionally, it expedites to a greater degree than the Baruch report, getting cash into the hands of the contractor to the extent of 100 percent because it provides for Government guaranty of loans at once and of the amount needed in full, instead of requiring the contractor to attempt to get a special type of loan.

CONTRACTS TERMINATED

The General Accounting Office submitted 19 typical cases of terminated contracts totaling \$12,100,450.96. These terminations were referred to the General Accounting Office for audit and review after the amount of settlement had been determined and approved by the contracting officer of the services involved. The material submitted to the General Accounting Office seems to be a copy of the termination contract, containing the terms of settlement and in some cases exhibits setting forth in itemized detail material and supplies involved in the transaction.

In the majority of contracts reviewed the following clause is inserted:

Payment in full compensation to the contractor for the uncompleted portion of the contract, including, without limitation, a reasonable allowance for profit or anticipated profit.

The material furnished for audit purposes does not contain the necessary details and figures to enable anyone to determine the basis on which the amount of settlement was determined and certainly no facts explaining what part of the settlement is considered profit or anticipated profit.

If the General Accounting Office has the authority to audit and review the terms and detailed figures of the terminated settlements it should be provided with all facts and figures on which the settlement is based. Forms are provided by the War Department on which the contractor lists a summary of the proposal for settlement including inventories, direct and indirect overhead, administrative expense, settlements with subcontractors, calculation of profit or anticipated profit, and many other details pertinent to the settlement. Without these facts presented for review it is impossible to make an audit of any terminated contract. Another item of importance is the valuation of inventories—raw material, work in progress, and finished goods. Who does the appraising

and how are the values determined? How much of the inventory can be diverted to other contracts held by the contractor? There are many detailed questions which must be answered in order to audit and review these contracts.

A brief summary of the contracts submitted for examination follows:

Agfa Ansco division of General Aniline & Film Corporation, Binghamton, N. Y., \$502,480.89. Dated October 30, 1943.

This contract provides that the contractor shall deliver to the Government the materials and items set forth in appendixes A and B which are attached to the contract, but no values are given. Settlement is given as a lump sum including profit for work actually done. No details given for basis of settlement.

American Radiator & Standard Sanitary Corporation, Louisville, Ky., \$115,000. Dated May 1, 1943.

Included in this settlement is the sum of \$25,147.89 for machine tools and equipment to be delivered to the Government as itemized plus \$89,852.11 for all its expenses chargeable to the uncompleted portion of the contract. These are the only figures furnished.

Auto-Ordinance Corporation, Bridgeport, Conn., \$267,991.94. Dated June 8, 1943.

Payment in full for completed supplies called for by the contract, \$187,991.94, plus payment in full compensation for the uncompleted portion of the contract including a reasonable allowance for profit or anticipated profit, \$80,000. No further details supplied.

Buffalo Arms Corporation, Buffalo, N. Y., \$4,621,727.77. Dated November 1, 1942.

No details except lump-sum settlement.

Curtiss-Wright Corporation, Caldwell, N. J., \$1,059,195.17. Dated March 28, 1944.

No details except lump sums for all of the contractor's costs, expenditures, liabilities, commitments, and work done pursuant to the terminated portions of the contracts.

Dalmo Victor Co., San Francisco, Calif., \$124,205.62. Dated May 5, 1943.

This contract called for 6,240 airplane smoke tanks to cost \$301,392. Only 110 were delivered, for which \$5,280 was paid to contractor. A list of small supplies were turned over to the Government for the settlement price of \$124,205.62, including allowance for profit or anticipated profit.

Diecasters, Inc., Ridgefield, N. J., \$107,922.89. Dated April 29, 1943.

The above amount to be paid upon delivery to the Government of supplies listed but not valued and for the uncompleted portion of the contract, including allowance for profit or anticipated profit.

Eureka Vacuum Cleaner Co., Detroit, Mich., \$760,908.32. Dated October 17, 1943.

No details for audit. Full compensation for uncompleted portion of contract, including allowance for profit or anticipated profit.

International Harvester Co., Chicago, Ill., \$196,765.70. Dated August 23, 1943.

Payment in full compensation to contractor for uncompleted portion of contract, including allowance for profit or anticipated profit. No details for audit.

Iron Fireman Manufacturing Co., Portland, Oreg., \$594,999.50. Dated April 27, 1943.

Settlement stipulates \$528,412.43 full compensation to contractor for terminated portion of contract including allowance for profit or anticipated profit plus \$66,586.97 for costs incurred after the termination notice for the protection of Government property and other expenses in connection with settlement. Attached to contract is schedule of raw materials, rough parts stock, tools and patterns, fixtures, jigs and tools, and finished parts to be delivered to the Government but not valued. Not sufficient details for an audit.

Jamestown Metal Equipment Co., Inc., Jamestown, N. Y., \$194,558.65. Dated August 11, 1943.

Payment in full compensation to contractor for uncompleted portion of contract plus allowance for profit or anticipated profit. List of tools to be delivered to the Government is attached to contract but not valued. No details for audit.

Kilgore Manufacturing Co., Westerville, Ohio, \$141,437.15. Dated July 9, 1943.

Lump-sum agreement for termination. No details for audit.

Knapp-Monarch Co., St. Louis, Mo., \$136,414. Dated February 19, 1943.

List of machinery to be delivered to Government attached to contract but not valued. Settlement to cover contractor's cost, expenditures, liabilities, commitments, and work done. No details for audit.

Midwest Manufacturing Co., Galesburg, Ill., \$1,100,211.98. Dated August 31, 1943.

No details for audit. Contract specifies payment in full for supplies called for in contract which have been completed \$984,141.71 and payment in full compensation for the uncompleted portion of the contract \$116,070.27.

Minneapolis-Moline Power Implement Co., Minneapolis, Minn., \$225,406.32. Dated October 16, 1942.

Attached to this contract is schedule E, showing itemized termination claims. This is the only termination agreement with supporting schedules to the claim. It could be audited, provided information as to value of inventories are submitted.

Oliver Farm Equipment Co., Chicago, Ill., \$625,825. Dated October 20, 1943.

Lump-sum settlement. No details for audit.

Oliver Farm Equipment Co., Chicago, Ill., \$581,500. Dated January 12, 1944.

Lump-sum settlement. No details for audit.

Seeger Refrigerator Co., St. Paul, Minn., \$585,001.69. Dated August 30, 1943.

Payment in full compensation to contractor for the uncompleted portion of the contracts, including reasonable al-

lowance for profit or anticipated profit. No details for audit.

L. R. Teeple Co., Portland, Oreg., \$128,862.37. Dated June 12, 1943.

List of items to be delivered to Government included in contract but not valued. Payment in full compensation to contractor for uncompleted portion of contract, including allowance for profit or anticipated profit.

EXAMPLES OF QUESTIONABLE PRACTICES AND TRANSACTIONS OF GOVERNMENT DEPARTMENTS AND AGENCIES IN CONNECTION WITH THE PROSECUTION OF THE WAR EFFORT WHICH HAVE BEEN OBJECTED TO AND/OR CORRECTED BY THE GENERAL ACCOUNTING OFFICE

PART I. DOUBTFUL EXERCISE OF AUTHORITY FOR THE PURPOSE OF CIRCUMVENTING OR OVERCOMING OBJECTIONS OF THE GENERAL ACCOUNTING OFFICE

Payment to cost-plus-a-fixed-fee contractor of a fixed daily allowance for each employee in a travel status was objected to by the General Accounting Office because the contract authorized reimbursement to the contractor only for the actual amount paid to employees as travel allowances, not to exceed a fixed daily amount.

Subsequently a supplemental agreement was entered into with the approval of the contracting officer specifically providing for payment to the contractor of a fixed daily amount for each employee in a travel status without regard to the amount paid by the contractor to the employee.

Inasmuch as the supplemental agreement providing for payment of such amounts was entered into pursuant to authority conferred on the contracting agency by the First War Powers Act, 1941, and Executive Order 9001, this office was precluded from further questioning the payments.

Many other contracts of this department were likewise modified to effect this same purpose.

Reimbursement to a cost-plus-a-fixed-fee contractor for the cost of law services, professional-trade manuals, and periodicals was questioned by the General Accounting Office because reimbursement for such expenses was not authorized under the terms of the contract. Subsequent to this action the contract was supplemented with the approval of the contracting officer to specifically provide that such expenses were to be allowable items of cost.

Inasmuch as the supplemental agreement providing for reimbursement of the expenses was entered into under authority conferred on the contracting agency by the First War Powers Act, 1941, and Executive Order No. 9001, this office was precluded from further questioning the payment.

Reimbursement to a cost-plus-a-fixed-fee contractor for losses aggregating \$75,593 incurred in the operation of cafeterias and private dining rooms was questioned by the General Accounting Office because reimbursement for such losses was not authorized under the terms of the contracts. Subsequent to this action the contracts were supplemented with the approval of the contracting officer, retroactive to the date of the original contracts, specifically to provide that such losses were to be allowable items of cost.

Inasmuch as the supplemental agreements providing for reimbursement of such expenses were entered into pursuant to the First War Powers Act, 1941, and Executive Order No. 9001, this office was precluded from further questioning the payment.

Subsequent to the date of execution of the supplemental agreements, the contractor filed a claim for the amount of the cafeteria losses which had previously been refunded.

Since the contracts, as modified, provided for reimbursement of such expenses, the claim was allowed.

PART II. ERRONEOUS ACTIONS OF CONTRACTING OFFICERS OF THE VARIOUS CONTRACTING AGENCIES WHICH WERE QUESTIONED BY THE GENERAL ACCOUNTING OFFICE, RESULTING IN RECOVERY OF AMOUNTS ERRONEOUSLY EXPENDED OR SAVINGS OF AMOUNTS ERRONEOUSLY OBLIGATED

A cost-plus-a-fixed-fee prime contractor was reimbursed, with the approval of the contracting officer, for the entire amount of the purchase price paid to a subcontractor for gun mounts purchased on a lump-sum or fixed-price basis.

The General Accounting Office objected to the reimbursement because the rough castings from which the mounts were made had been furnished to the subcontractor by the prime contractor without cost, notwithstanding that the subcontractor's lump-sum bid price included the cost of castings, and the cost of castings actually furnished to and used by the subcontractor had previously been reimbursed to the prime contractor by the Government.

As a result of this objection, the cost of the castings furnished to the subcontractor aggregating \$476,394 was recovered by the Government.

A contracting officer approved an amendment to a contract shifting from the contractor to the Government the duty of inspecting the work without a corresponding reduction of the contractor's compensation.

The General Accounting Office questioned the action of the contracting officer on the basis that the amendment was without consideration, since the original contract price included compensation to the contractor for the inspection work. As a result of this action by the General Accounting Office the contract price was reduced \$97,020.

Contracting officer approved reimbursement to a cost-plus-a-fixed-fee contractor for increased costs under an amendment to a purchase order providing for an increase in the unit price of bayonets to cover increased production.

The General Accounting Office objected to the reimbursement of the increased costs for the reason that the records disclosed, not only that production was not increased, but that deliveries did not comply with the delivery schedule as set forth in the original purchase order. As a result of this objection \$19,000 was recovered by the Government.

Contracting officer approved reimbursements to a cost-plus-a-fixed-fee contractor for commissions ranging from 3 to 75 percent paid to certain individuals and concerns acting as defense brokers and middlemen in the procurement of expendable tools for use on work under cost-plus-a-fixed-fee contracts.

A contracting officer approved payment to a lump-sum contractor of the full contract price notwithstanding the fact that Government-owned materials and parts were furnished to it for use in the performance of the contract.

The General Accounting Office objected to the payments because the contract did not provide that such materials and parts were to be furnished without cost. As a result of this objection over \$10,000,000 has been recovered by the Government.

A contracting officer approved for reimbursement to a cost-plus-a-fixed-fee contractor the cost of certain materials, supplies, and services which actually were utilized by the contractor on other work.

The General Accounting Office objected to the payment and, as a result, an aggregate of \$30,820 was recovered by the Government.

Seventy-five thousand dollars covering compensation to the contractor for services

performed at its home offices during February, March, and April 1942 was paid to the contractor with the approval of the contracting officer.

The General Accounting Office objected to the payment because the contract provision authorizing payment for such services at a rate of \$25,000 per month for each calendar month of operation had been amended to provide that the payments should begin with the month of May 1942. As a result of this objection the erroneous payment of \$75,000 was recovered by the Government.

A cost-plus-a-fixed-fee contractor was reimbursed, with the approval of the contracting officer, for the cost of lecture courses in human engineering including instructions to the contractor's employees on how to improve their memory. The General Accounting Office objected to the reimbursement on the grounds that the expense was not allowable under the contract and was not a proper charge against the Government and as a result the cost of the course, aggregating approximately \$23,000, was recovered by the Government.

A contracting officer approved payment to a contractor without taking advantage of discount offered under the terms of the contract. The discount due at the time General Accounting Office questioned the transaction was \$220,819.43, representing 1 percent on the price of materials of contractor's own manufacture used on the contract work and was collected from the contractor as a result of action initiated by General Accounting Office. The terms of the contract required that such materials be furnished by the contractor at prices and conditions not less favorable than those offered third parties and it was determined that a discount of 1 percent offered to third parties had not been offered to the Government. Not included in the amount stated above are additional large sums representing savings accruing to the Government by reason of the fact that subsequent to the office action the contracting officer is now obtaining a discount on all transactions.

A contracting officer approved reimbursement to a cost-plus-a-fixed-fee subcontractor for salary paid to one of its corporate officers.

The General Accounting Office objected to the payment because under the terms of the subcontract salaries of corporate officers were not reimbursable. As a result of this objection the amount of the erroneous payment aggregating \$9,925 was recovered by the Government.

A contracting officer approved payment to a contractor for \$26,399 reserved under the terms of a contract to cover an assessment against the contractor for late deliveries under the contract.

The General Accounting Office objected to the payment because the contractor did not comply with the delivery schedule offered by him and, therefore, the assessment was proper. As a result of this objection the amount of the erroneous payment was recovered by the Government.

A contracting officer approved reimbursement to a cost-plus-a-fixed-fee contractor for payment to a lump-sum subcontractor of the entire amount of the contract price notwithstanding the fact that Government-owned dynamite had been furnished by the prime contractor to the subcontractor for use in the performance of the subcontract.

The General Accounting Office objected to the reimbursement because the lump-sum contract price was fixed on the basis of the cost of the dynamite being paid by the subcontractor. As a result of this objection the aggregate amount of \$27,646 was recovered by the Government.

A representative of a contracting officer approved reimbursement to a cost-plus-a-

fixed-fee contractor for bonus payments to its employees. Upon presentation of vouchers claiming reimbursement for such payments, a field representative of the General Accounting Office advised the disbursing officer that reimbursement of the amounts paid was not authorized under the terms of the contract. The disbursing officer presented the vouchers to the Comptroller General for a formal decision as to their allowability and the decision was to the effect that the claimed reimbursement was not authorized. As a result of that decision the reimbursement was not made by the disbursing officer and the cost of the bonuses aggregating \$263,146 was saved the Government.

Mr. HANCOCK. Mr. Chairman, I yield such time as he may desire to the gentleman from Tennessee [Mr. REECE].

Mr. REECE of Tennessee. Mr. Chairman, one of the major responsibilities of this Congress is to provide for the conversion of industry which is now engaged in the production of war materials to civilian production when the war ends, and the bill before the House is one of a series of bills for this purpose.

This is a bill of greatest importance, and it comes to the House after mature consideration, with a unanimous report from the Judiciary Committee and also the Post-war Committee, of which I have the honor to be a member.

As the gentleman from Mississippi said, when the war ends it is likely to end suddenly and we must be prepared for the reconversion of our war economy to a peacetime economy if economic chaos is to be avoided. The termination of war contracts is the first thing for which provision should be made.

The prime concern of this bill for the settlement of war contracts is to provide jobs on civilian production as quickly as possible when the war contracts have been terminated.

The factor of speed is the heart of this problem. If we allow the transition from war production to peace production to drag on, we are in for a period of unemployment, unrest, and depression. If the legislation which we enact should tend to delay rather than speed that transition, we shall have a responsibility to bear for the economic chaos that may ensue.

No one is more sensitive than I to the necessity of giving the Government a fair settlement in the negotiations for the termination of war contracts. I want to see rules for the administration of settlements so framed that there will be a minimum of negligence in the negotiations. I want to see fraud severely punished as it deserves. The bill so provides.

I do not regard speed of settlement, which is of prime importance, as inconsistent with adequate protection of the Government against fraud. But, frankly, if I had a choice between saving the Government a few million dollars by delaying settlements and speeding up settlements at the cost of an additional few million—even if for the sake of argument there were such a choice—I say to you frankly that it would be worth that additional amount to get millions of citizens, including our 10,000,000 soldiers, back to peacetime jobs.

We have had a controversy, with sincere differences of opinion, over how far the Comptroller General's office should be brought into the settlements of war contracts. His right to review Government payments on war-contract settlements to see that payments are in accord with the terms of settlement and to see that there is no fraud in connection with settlements, is not questioned. He has always had that right.

So far as the origin of contracts is concerned, the Comptroller General has no part in the procurement nor in setting the terms of the contracts. The contracts were let by the Army and the Navy and the other procurement agencies. The Comptroller General's office has not been a party to the changes in designs which necessitated changes in terms, nor to the cut-backs or termination of the contracts. These tasks have been performed by the trained staffs of the procurement agencies which have acquired an intimate knowledge of the contracts and the problems connected with them. Twenty thousand of these men, schooled in the contracts and the problems of contract termination, are required by the contracting agencies to carry on the negotiations of settlement.

Now the Comptroller General—and I yield to no one in my regard for the man who presently occupies the office—suggests that at this late date he will enter the picture, will recruit a staff despite the acute labor shortage, will train them in the Government contracts and, after terms of settlement have been made between contractor and procurement agency, the settlement will be held in abeyance until the Comptroller General's staff has had a chance to see whether the Government got as much out of the settlement as it could.

Can we not visualize the time that this duplication of effort will require? The early contract settlements with the Army and Navy have taken, on the average, from 4 to 6 months—far too long. Capital has been tied up. The opportunities to reconvert have been delayed. We have properly urged the procurement agencies to gather speed in the making of settlements as their experience with settlements increases. They have made and are continuing to make progress in this direction. This bill impresses upon them the necessity for increasing speed in settlement, for uniformity, for simplification, for advance payments—all with the object of minimizing delays.

A certain amount of freedom of negotiation is deliberately allowed for the purpose of coming to a speedy settlement under clearly defined rules of procedure. If the contractor can know that the disposition of his claim with the negotiating officer will be final, he will be prepared to go a long way in meeting the Government's requirements in order to get his claims settled. But suppose that the contractor knows that his settlement with the negotiating officer is to be in a state of suspense—that its terms may be changed after review and postaudit by the G. A. O.—where does he then stand? What bank will make him a loan for

working capital based on a contingent settlement that may be overthrown by the G. A. O. because it did not agree with the judgment of the negotiating officer? What negotiating officer will take a chance on anything except the strictest terms of settlement, lest his judgment be challenged by an outside agency like the G. A. O.?

Can we not see that both contractor and contracting officer will be dealing with each other at arm's length; that instead of a give-and-take with the object of speedy settlement, we shall get a dragging out of the negotiations in the first place and then the months of review as the settlement cases pile up awaiting the audit of the Comptroller General?

Meanwhile, billions of dollars of contractors' inventories must be held in suspense awaiting the final release of the G. A. O. Payments to contractors must be held up awaiting final release after post-audit by the G. A. O. Clearance of inventories and equipment, retooling and reinvestment for civilian production must be held while cases are awaiting review by the G. A. O.

And what will we gain by that? Of the \$10,000,000,000 of war inventory now held by contractors \$2,000,000,000 are in finished goods for which the contract price is definitely fixed so that payments can be made at once. A great part of the goods in process is on an invoice basis at costs previously fixed so that they too may be settled without dispute. The rate of profit on fixed costs as well as on raw materials and goods in process has been fixed under the uniform termination clause.

If the war were to end suddenly while production was at its maximum we may have an area of allowable claims covering as much as one and a half billion dollars. The rules for these allowable claims are pretty definite. But we grant that inside of this total of a billion and a half, there will be room for some debate and for negotiation and for compromise. The results of a strictly meticulous, detailed settlement as compared with a reasonably liberal settlement within the established rules, as I have said, might conceivably make a difference of a hundred million dollars—possibly a little more—to the Government.

But what price shall we be paying for that? First and most important we shall be paying for it in unemployment. The 11,000,000 workers whose livelihood has depended on war contracts have represented a monthly pay roll of two and a half billion dollars—at least 10 times and more likely 20 times, the amount we could save by a meticulous post-audit on top of the regular negotiated settlements.

It is clear to me, and I hope it is to you gentlemen, that if any sizable fraction of this monthly pay roll is held up as a result of an insistence upon delaying the finality of settlements by detailed post-audit, then I repeat we shall be sharing in the responsibility for depression, for industrial unrest and for increasing suffering on the part of millions of workers, not to mention the businessmen who in good faith allowed their plants

to be commandeered for war work and who are prepared to resume civilian production as soon as settlements are completed.

To me it is clear that the human side of this problem is the primary one, and that everything we do in the passage of this bill must be directed toward re-conversion and reemployment. Speedy final settlements are vital to this end.

Mr. HANCOCK. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Chairman, I believe I can discuss this bill without becoming emotional. It is a bill which was worked out by the subcommittee of the Committee on the Judiciary of the House. As a member of the Judiciary Committee I, along with the whole committee, made a careful study of the bill. From my study of it, from the analysis made by the able gentleman who had its preparation in charge, and from hearing and reading the testimony of Mr. Baruch, Mr. Hancock, and others, I am convinced it is a good bill. There has been an intimation here that this bill might become a vehicle for, or the shield and buckler of, those who want to raid the Treasury and perpetrate fraud and I have almost been led to believe that some of the gentlemen who talked on that subject had just about gotten in the frame of mind of the old fellow who said to his friend: "Bill, there are just two honest men on earth, you and me, and I doubt you about half the time."

Let us see what this bill does. It sets up the machinery for the speedy termination of contracts and settlements of matters involved and for the interim financing of those who have been engaged in the performance of war contracts. It is designed primarily to accomplish the challenging need of the hour, and that is to see that there is no lag—that there is no interruption in employment in this country. This bill is vital to the preservation of our system of free enterprise by freemen. It is vital in that, in my opinion, it will enable industry to shift in the least possible time to a peacetime production and to retain on the pay roll the millions of men and women who are now engaged in war industry and to afford employment to the boys and girls in our armed forces when they come back from the war they are now fighting.

Let us see if it opens the door to fraud. It provides for the creation of the office of contract settlement, which shall be headed by the director of contract settlement. The act provides that he shall be selected and appointed by the President of the United States and confirmed by the Senate. Everybody knows what my politics is, but I would be the last person in the world to stand on this floor or elsewhere and say or intimate that the President would appoint to a position of this importance a man whose honesty might be questioned, and I would not venture the assertion for 1 minute here or elsewhere that the Senate of the United States would place the stamp of its approval on anyone except an honest man of great ability to perform this great task.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. JENNINGS. No; I cannot yield; I have too little time.

Mr. BROOKS. I have no time at all.

Mr. JENNINGS. That is not my fault, my friend. If I had charge of the time, I would give it to the gentleman, but I do not have any spare time.

The bill goes further and provides for the setting up of a contract settlement advisory board with which the director shall advise and consult. Listen as I read the list of those who are to compose this board. The board shall be composed of the director, who shall act as its chairman, the Secretary of War, the Secretary of the Navy, the Secretary of the Treasury, the Chairman of the Maritime Commission, the Administrator of the Foreign Economic Administration, the Chairman of the Board of Directors of the Reconstruction Finance Corporation, the Chairman of the War Production Board, the Chairman of the Board of Directors of the Smaller War Plants Corporation, and the Attorney General, or any alternate or representative designated by any of them. Can it be said for one moment, does anybody really believe, that such a set-up as that would sanction or condone fraud? Then in addition to that, the latter part of this measure suspends the running of the statute of limitations for a period of 3 years after the cessation of hostilities in favor of any person who might offend against the drastic provisions of this law to prevent fraud or imposition upon the Government.

It has been well said, and I want to reiterate it, that time is of the essence in this matter. Everyone who has kept abreast of the times knows that the first great problem when we got into this war was to shift our economy to a wartime basis of production. Miracles have been accomplished in that great task. The efforts of management, ownership, the men who perform the work in our great factories and in our great shipbuilding plants have been translated into armament that is now in the hands of every one of our allies, in addition to our own armed forces, and their efforts, their contribution is extended to every battlefield in the world. While we are going downstream on a great flood tide of production on an income of more than \$140,000,000,000 a year everything looks rosy; but when this war ends this Government and our people will be met with the most challenging problem that ever any people faced on this earth, the problem of maintaining a free economy, the problem of keeping our people at work, the problem of taking care of these boys and girls who come back from the battlefronts. I have talked to hundreds of them, and in all they say there is a note of wistfulness, a note of anxiety, and inquiry: "What will we come back to? What chance will we have for a job when we come back? What sort of life will lie before us?"

I say, therefore, that this is a challenging question; it is a question of supreme importance, it is a question about which the people are, you might say, justly impatient; but it is a question that could

not be solved overnight. The time of decision has now come. We must write upon the statute books a measure that will set up machinery, that will provide yardsticks, that will provide methods by which we can shift our economy to one of peacetime production. Our people need automobiles, they need trucks, they need tractors, they need household effects, they need all of the implements of peacetime industry, and I believe that the genius of the American people is such that the resourcefulness of the American people is such that if we afford them a modus operandi, a method by which they may turn the efforts and energy of the capital and labor of this country into the proper channels just as speedily as possible, we will not have millions of unemployed men and women in this country when the war is over. Let us pass this measure. In so doing we will have taken a long step forward in the path that leads to readjustment, and that will assure jobs and prosperity to all our people.

The magnitude of the problem, the urgent need of the prompt enactment of this measure is apparent when we keep in mind these facts:

The Federal Government now has in force contracts with from 100,000 to 200,000 prime contractors who are manufacturing war materials. These prime contractors, in turn, have entered into more than 1,000,000 subcontracts. This year these concerns will produce \$75,000,000,000 worth of war materials. There is now in process of fabrication and manufacture more than \$10,000,000,000 in value of war materials. More than 10,000,000 men and women are engaged in this war work. When the war with Germany or Japan ends, or when it ends with both of them, the Government will no longer need these war materials. Fortunately, the contracting agencies of the Government—the War Department, the Navy Department—have trained and experienced men who have made these contracts, and who have kept and are now keeping daily supervision over their performance. These men know the details of these matters. They are in a position speedily, honestly, and efficiently to close out and make just and equitable settlements with the contractors. They can do this promptly. When this is done, the industrial plants of the country can be retooled for the production of the goods our people and the people of the world so badly need. If this transition can be made in from 60 days to 6 months, if these men in charge of our industrial plants can get the money due them on the contracts they are performing, our people can be kept at work, the returning members of our armed forces can get jobs, and this country can be saved.

These matters cannot await a hair-splitting audit, lasting from 6 months to 6 years. A workman gets hungry in less than 24 hours. And the industry of this country may well be wrecked in 6 months. This well-considered measure, along with others now being considered, will insure continued employment of our people and the salvation of our industrial system. Its speedy enactment is imperative.

Mr. SUMNERS of Texas. Mr. Chairman, I yield myself 1 minute for the purpose of supplementing the statement just made by the distinguished gentleman from Tennessee. It is provided in section 16 that the General Accounting Officer may examine any of these settlements which have been made after they have been made and if fraud is detected then it becomes his duty to cite that fact to the Department of Justice in order that prosecution may be had.

Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. Mr. Chairman, this legislation that we now have before us is just about as important for the economic stability of this country after the war and in the closing days of the war as any legislation that may come before us. There is one thing I want to mention before I get into a discussion of this legislation and I would like the particular attention of the gentleman from Texas [Mr. THOMASON] and the gentleman from Kentucky [Mr. MAY] to this statement.

I have heard both the gentleman from Kentucky, the esteemed and able chairman of the Committee on Military Affairs, and the gentleman from Texas [Mr. THOMASON], the ranking member of that committee, make the statement that the Budget and Accounting Act grew out of the frauds and scandals involved in the settlement of World War No. 1 contracts. I was not here, I did not participate in the debates at that time, but a month or so ago I called the legislative reference department of the Congressional Library and talked with the Director. I told him that I had heard that statement made on several different occasions, and that I would like very much for his service to go back and check the debate and check the reports in connection with the enactment of that legislation, and let me know if that were true. Several days ago I received a call from the Congressional Library, and I was told that had been done and so far as they could determine there was no connection between the two. I simply report that for what it may be worth.

With reference to the statement that the gentleman from Texas [Mr. THOMASON] made, calling to our attention exceptions made by the Comptroller General to the payment of certain items, I am not going to discuss the statement, but may I say that there is a printed copy of the hearings had before the Military Affairs Committee, and I invite your reading of the statement of Under Secretary of War Patterson regarding these items which commence on page 251 of the hearings. You will find a complete answer to every bit of the charge that has been made.

Mr. Chairman, the contracts that have been awarded in this war run I suppose somewhere between two hundred and three hundred billion dollars. We in the Congress gave to the various procurement agencies the right to make those contracts. If anybody had come in and said: "We are going to insist that the Comptroller General sit in on the mak-

ing of those contracts, that he audit the accounts and the payments before they are made under those contracts, that he sit in on the various stages where those contracts are changed, modified, or where they are completely discharged," everyone would have said: "That is foolish. We are not going to permit it."

We let them go along and make those contracts. If the contract is completely finished, we let them pay up and the Comptroller General has nothing to do with it except to check to see that the payments are made in accordance with the terms of the contracts. If there are any modifications to be made in the contract they can go ahead and make them. The settlement or termination of a contract is not anything in the world except a modification of the contract itself. There may not be 5 percent of the contract left unfinished. It may be a contract involving a hundred million dollars; we let them spend \$95,000,000 without any control or veto power in the Comptroller General; yet because there is \$5,000,000 unsettled, we come in and say: "You must protect the taxpayers by bringing in the Comptroller General." It just simply does not make sense.

The cash outlay in the settlement of these contracts is not a tremendous sum. Let us assume that when the time comes to cut off the contracts there are unfinished contracts to the extent of a hundred billion dollars and I think most estimates place it at some point between seventy-five and one hundred billion dollars. It does not mean that much money is going to be paid out. As a matter of fact, the experience in the settlement of these contracts so far has been that only 2 percent is paid on the unfinished contract value. Out of \$3,900,000,000 of unfinished contracts \$85,000,000 cash was paid out. That is the history of the first 14,000 settlements by the War Department.

We let them pay tremendous sums of money in the full discharge of these contracts, but when the final date comes and only 2 percent remains to be paid, we say that the taxpayers of this country must be protected by inclusion of the Comptroller General, giving him some authority that he has never had before.

Let us suppose that the Comptroller General is brought into the picture. Where is the Comptroller General going to get his help? According to the testimony on page 615 and page 618 of the hearings held by the Committee on Military Affairs, Mr. Yates of his office said that they were going to get them from the armed services and from the various procurement agencies that were using those people now. Let me ask you a simple question: Why is it that the Comptroller General can use those same persons and there is honesty, integrity and protection of the taxpayers; yet when those same people function for the Navy, for the Army, for the Maritime Commission, for the R. F. C., for the Treasury Department or for a dozen other agencies, the taxpayers need to be protected? Honest, when they are

working for the General Accounting Office—not to be trusted when they are working for anybody else. I believe it violates the very fundamental philosophy of life to the effect that people are inherently honest and do not want to cheat the Government.

Mr. COLMER. Will the gentleman yield?

Mr. SPARKMAN. I yield to the gentleman from Mississippi.

Mr. COLMER. I have been very much impressed with the gentleman's able statement with reference to the use of these servants of the agencies to terminate these contracts. As I say, I was especially impressed with that statement. Is it not a fact that if somebody were going to be dishonest in terminating these contracts, the man wearing the naval uniform or the Army uniform as a member of one of the armed forces would have more to lose than the civil-service fellow because the Army and Navy man would be kicked out of the service? In addition to losing his job, he would be given a dishonorable discharge.

Mr. SPARKMAN. I think the gentleman is absolutely correct.

Mr. Chairman, I have just one further point. This matter has been studied by seven different congressional committees and let me name them to you very quickly: The Post-War Committee over in the Senate, Senator George's committee, the Murray subcommittee of the Senate Committee on Military Affairs, the full Committee on Military Affairs of the Senate, the Judiciary Committee of the House, the Naval Affairs Committee of the House, the Military Affairs Committee of the House, and the Post-War Committee of the House, headed by the able gentleman from Mississippi [Mr. COLMER].

Every single one of those committees came out with the recommendation along the line of this bill that we are considering today, with the exception of the Committee on Military Affairs, and 13 Members, exactly one-half of that committee, recommended the same thing.

I do not know anything that can speak more forcefully than this. I think it is a simple matter of getting these contracts terminated, settled, the property out of the plant, the claims paid off, and an absolute finality that people can rely upon.

Mr. HANCOCK. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, as we discuss this pending measure, there are three things that appeal to me perhaps as forcibly as any others in connection with it. First, we are very anxious, and it is absolutely necessary, that we have a speedy settlement of these terminated contracts; second, to my mind, it is absolutely essential that we have a complete and final settlement of these contracts as quickly as possible; and the third point that appeals to me in this connection is that the first two which I have mentioned are essential in order that we may have a continuity of employment for the employables of this country. With those three observations at the outset, it appears to me that this

pending legislation is of the utmost importance; it is important that it should be enacted as speedily as possible in order that we may have a guidepost and a standard by which these terminated contracts may be settled.

The problem of terminating war contracts and making settlement of those terminated contracts is one of our most important problems. It is of the utmost importance that this legislation be passed as quickly as possible. In order that these guideposts and these standards may be established, which will aid materially in establishing uniformity in making settlements under terminated contracts, I desire to call to the attention of the Members these further observations on this measure.

The bill that came to us from the other body was entirely without any standard. There were no guide posts set up in that measure. As a matter of fact, in order to have uniformity, in order that these settlements may pursue a certain, definite, and a well-defined course, it is essential, in my opinion, that some standards and some guide posts be set forth. This we have done in the pending measure. These standards are not set forth as a hard and a fast rule, but they are sufficiently liberal to grant ample latitude in negotiating and completing such settlements.

I think perhaps I can refer to some of those standards and guide posts which are set forth on page 62 of this bill, and which are to be observed and followed in making these settlements.

First, "a reasonable cost of settling and paying termination claims under terminated subcontracts." That is one item which must be taken into consideration. The second one is "the cost of items of termination inventory." That was discussed to some extent just a little while ago by my distinguished colleague from Iowa [Mr. GWYNNE]. Third, "allowance for depreciation at appropriate rates on buildings, machinery, and equipment." Fourth, "general experimental and research work, to the extent consistent with an established pre-war program." Fifth, "cost of engineering and development." Sixth, "loss on special facilities acquired solely for the performance of the contract." Seventh, "rentals under leases clearly shown to have been made for the performance of the contract." Eighth, advertising expense to the extent consistent with a pre-war program or to the extent reasonable under the circumstances. Ninth, "interest on borrowings." The other items, which are embraced in the bill, will be found in the subsequent paragraphs.

Those guide posts have been set up for the purpose of outlining a charted course which should be followed, and which should bring about uniformity in making settlements of these terminated contracts.

I would like to call the attention of the committee to the provision contained on page 65 of this measure. There the measure sets forth items which are not to be included as elements of cost. I might mention those just very briefly. First, "losses on other contracts or from

sales or exchanges of capital assets." Second, "expense of conversion of the contractor's facilities to uses other than the performance of the contract which is under settlement." Third, "expenses due to the negligence or willful failure of the contractor to discontinue with reasonable promptness." Fourth, costs incurred in respect to facilities, materials, or services purchased or work done in excess of the reasonable quantitative requirements of the entire contract. Other items are mentioned in the pending bill. These standards will be found to be helpful, I am confident, in maintaining a uniform system of making such settlements.

In other words, we have attempted to set up a liberal standard, or standards, or a series of guideposts, which will permit those who are negotiating and attempting to make settlement of these terminated contracts as nearly uniform as possible, and as speedily as possible, in order to make certain the continuity of the operation of these affected plants and to assure the continuity of employment of the employables in this country.

Much has been said in connection with this particular legislation regarding the position of the Comptroller General of the United States with respect to it. While I was not present with the distinguished Subcommittee No. 3, of which my distinguished colleague from Pennsylvania [Mr. WALTER] is the distinguished chairman, may I say that he, and his subcommittee, have done a splendid job with respect to this legislation. I wish to commend the chairman and his subcommittee for their long and faithful service on this measure and upon the presentation of this bill to the House. I was informed before this measure came before the House that the distinguished Comptroller General made the statement that "he did not want to be a party to any preinvestigation prior to the settlement of the termination contracts." In that situation let us see what his connection is with respect to these terminations and settlement has gone through the appeals with respect to the Comptroller General.

On page 94 of the bill, which relates to the prerogatives of the Comptroller General, we find that after settlement has been made—either by agreement, and it can be done voluntarily on the part of those representing the Government and on the part of those representing the contractors, or the contractors themselves, and even where the settlement has gone through the Appeals board which is provided by this measure—the Comptroller General has the right and the power to make a complete review, if he sees fit to do so. He has the authority provided in this bill, and that which is now provided by law.

Let us see what the provision in this measure is with respect to his authority in that examination or review which is made. Remember, this is after the settlement has been made. He has the right, first, "to ascertain and determine whether the settlement payments to the war contractor were made in accordance with the settlement"; and, second, "he has the right to ascertain and determine whether the records transmitted to it, or

other information, warrant a reasonable belief that the settlement was induced by fraud."

May I say to the committee, it is the hope that this measure will be passed speedily by the House in order that the continuity of employment may continue, and in order that the men returning from service may find employment which they will seek upon their return.

Mr. Chairman, as we discuss this highly important legislation today, I am constrained to urge the members of the committee that this measure be passed, while it may not be perfect, and while it may require amendments in the future to clarify its provisions, and while it may require amendments to cure existing ills in the measure, but that can best be detected and determined after a fair trial of this measure is had. It is my belief that this measure, which comes from the Judiciary Committee of the House, as the bill was practically rewritten by that committee, is by far the best measure presented on the subject of contract termination.

One last thought I wish to leave with the Members before this debate closes is this: When we terminate contracts, and make settlements thereunder, we do not need any special audit; that procedure is not that which requires an audit; that procedure requires the exercise of good and sound business judgment on the part of businessmen; that accomplishment requires the employment of men who are schooled in business and who know values; that plan of settlement between the Government and the war contractors requires the exercise of experience and knowledge gained in the business world. After the settlement has been accomplished, and some facts and evidence is available, then the Comptroller General has the full authority to act by determining whether the settlement has been made in accordance with existing law and with the agreement so made, or the decision rendered, and, also, whether any fraud or collusion has intervened which would viciate the settlement so made. Ample provision is made in the pending bill for the Comptroller General to advise the proper authorities, in the event fraud is discovered, and for the proper authorities to take such action as the facts may warrant.

Again, Mr. Chairman, I desire to urge that there is a demand for legislation upon this subject now. It is the hope of our committee that this legislation, when passed by both bodies, and signed by the President, will aid in the settlement of the war contracts which have been terminated speedily and without delay, and that such settlements will be final and conclusive. When that is done very little disturbance will result, and our plants will continue to operate and the workers will be assured a continuity of employment, and the progress of the trades in civil life will not be hampered by reason of the change from a war economy to a peace economy. I am convinced that is the wish and the will of every Member in the House.

The CHAIRMAN. The time of the gentleman from Indiana [Mr. SPRINGER] has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 8 minutes to the gentleman from Texas [Mr. KILDAY].

Mr. KILDAY. Mr. Chairman, there can be no doubt but that the personality of our friend Hon. Lindsay Warren, the Comptroller General, is involved in the consideration of this bill to a very marked extent. Of course, most of us served with Mr. Warren here in the House. We all admire him. We have complete confidence in his integrity and his ability. Those of us who oppose his connection with the termination of contracts certainly mean no reflection upon him.

My colleague the gentleman from Texas [Mr. THOMASON] referred to the cases which Mr. Warren reported to our committee. It is true that he came with a large number of cases which on his original statement would indicate that there had been very loose management in the payments made on contracts by the War Department. However, when Judge Patterson, the Under Secretary of War, came before the committee he made statements with reference to the cases referred to by Mr. Warren, and with the explanation made by Mr. Patterson, and which was never denied by Mr. Warren, it is evident that the loose management was apparent only.

I want to cite to you from the hearings of the Committee on Military Affairs on this legislation that 99.95 percent of the exceptions which the General Accounting Office took to the War Department payments were, upon examination by the General Accounting Office, withdrawn. That disallowances by the General Accounting Office at the time of those hearings were running but 10 cents per \$1,000 of expenditure under the War Department contracts; further, that 90 percent of the money amount of the cases submitted by the Comptroller General represented either items subsequently allowed by him or items brought to light by the War Department itself in its regular audit and which were in the process of correction before they came to the attention of the Comptroller General.

One of the items which the Comptroller General cited to the committee was the suspension of \$21,000,000 on a cost-plus contract. The Under Secretary stated:

The fact is that before this item was submitted to the committee the General Accounting Office had received information which has led it to withdraw its objections to the payments under this subcontract.

Notwithstanding the fact that Mr. Warren detailed that as one of the flagrant cases in which payments were suspended, it was later admitted that the objection to that item had been withdrawn by the General Accounting Office.

I say to you that the primary thing in connection with this legislation is to have a speedy termination of contracts. If we do not, the economy of this Nation will be completely wrecked. The men who have been connected with the contracts from the beginning are in posses-

sion of the information which must be used to terminate the contracts. If the General Accounting Office is to come into the picture without any knowledge of the matters involved in the contract and then make the necessary investigations and reviews of what has transpired before, there is bound to be interminable delay.

There is no reason to say that in a case in which the contracting officers have the right to grant the larger contract they should not have the right to make the smaller contract. These terminations constitute in fact a new contract, a novation in law. There is a contract for a larger number of articles, and the contracting officer then makes an agreement for a smaller number. No one has ever contended that the General Accounting Office should be involved in the original grant of the contract, but when the smaller contract comes along we have the statement that that Office should have some connection with it.

It is also to be borne in mind that "the contracting officer" is a term, a designation used for a large number of people. It is true that the contract is actually signed on behalf of the Government by an individual officer. However, in the negotiation of the contract it has been processed through no less than 22 or 23 hands. Involved in the award of the contract are the engineers, the lawyers, the production experts, and all that sort of thing. They all confer on it, they process the matter through, and at the conclusion of the process it is signed by the contracting officer. Those are the men who must handle these terminations, those are the men who live with the contract and follow it through, and those are the men who should be given the power and the right to terminate these contracts, because they can do so quickly.

If you were to go to Detroit and Chicago and look at the automobile factories there, as we did, you would see that the production lines have been completely destroyed. The machines necessary for the production of automobiles and other items as well have been withdrawn from those plants and the Government's property is in them. It is essential that that property of the Government be removed at once so that we can begin production of civilian items. There is not one of those contractors that does not carry inventories many, many times its capital. If there is delay for a matter of weeks only you are going to wreck each one of those companies, because they are not in a position to carry inventories which vastly exceed their capital.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. KILDAY. I yield to the gentleman from Kentucky.

Mr. MAY. Of course, the gentleman understands that in the committee bill we reported it is provided that when notice of termination is given the Government must get its property off the floors of the contractors within 60 days.

Mr. KILDAY. That is not going to help the situation when you have your

contractor with an inventory many times his capital, and force him to carry that inventory while the Comptroller General studies the question anew in order to come to the conclusion that he is going to make.

The point in this is that there is no auditing function involved, there is not a particle of auditing function in the termination of the contract, no more so than in the award of the original contract; therefore, the Comptroller General should not have a part in it.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. KILDAY. I yield to the gentleman from Louisiana.

Mr. BROOKS. I have a profound respect for the gentleman's ability and level-headedness.

Mr. KILDAY. I thank the gentleman.

Mr. BROOKS. Will the gentleman advise me, however, about this? Even after the contract is settled and payment is made, under your bill you are unwilling to give a complete audit of these matters?

Mr. KILDAY. These settlements must be made promptly and they must be finally made.

Mr. BROOKS. Even after the money has been paid, why is it your bill opposes a complete audit?

Mr. KILDAY. The point is that the settlement must be final. The manufacturer is not going to be able to go to his bank and finance his operations unless that bank knows just exactly where he stands financially. This is an emergency situation. If the Government is going to be able to come along later and take half of his capital on the claim that the contract termination was not done in accordance with what the Comptroller General feels should have been the termination, he is not going to be able to go to any financial institution in the United States and finance his new civilian operation.

Mr. GWYNNE. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. ARENDS].

Mr. ARENDS. Mr. Chairman, I am pleased that we at last have this legislation before the House for consideration. Too much delay has already been experienced. With favorable war progress reports coming in daily from all sectors of the battle fronts, we are now aware that the Allies are definitely on the road to victory and that within the not too far future, we await the day when complete victory will be ours. When that time arrives, our problems at home will be emphasized and we will be confronted with difficulty upon difficulty. Passage of this legislation will be one weapon to help speed up solution of some of the conversion problems when it immediately becomes both necessary and desirable to make the shift from war-contract production to peacetime production.

The Military Affairs Committee of the House had many days of hearings on H. R. 3022, a bill dealing with the subject matter now under debate. We gave consideration and careful study to the many knotty problems that attach them-

selves to speedy contract termination. A subcommittee, of which I was a member, visited plants where there already had been cancellations of contracts and there, through first-hand information, we were truly able to visualize the immense conversion problems that face all industry now actively engaged in war production. Likewise, we spent hours in the office of some of the procurement agencies responsible for effectuating the termination of contracts. They likewise called our attention to the terrific difficulties confronting them and gave evidence to prove that if contracts were to be quickly terminated, there must be a certain degree of confidence placed in our contracting officers and that their hands could not be tied too tightly.

In reporting H. R. 3022, our committee differed particularly as to the part the Comptroller General was or is to play in the picture. The Comptroller General's Office is a creation of Congress. We established the Office in order to maintain a check on Government financial affairs. Everyone recognizes the value of the operation and efficiency of this agency. The great difference of opinion as to when and how the Comptroller General's Office should actively enter into deliberations of the matter of canceling contracts was the bone of contention in our committee. The bill as finally reported favored active participation by the Comptroller General in settlement of all contracts. Thirteen members of our committee filed a minority report setting forth the argument that it would be physically impossible for the Comptroller General to enter into all contract-termination settlements and would very definitely slow up final settlements. Quick determination, I believe, is the crux of this whole matter and is vitally necessary if we expect to have rapid conversion and leave industry in a financial position where they can carry on and speedily convert to peacetime production.

We have in this legislation before us, Mr. Chairman, permitted the Comptroller General to post-audit these contracts. That is as it should be. As in the case of individuals, I firmly believe that 95 percent of our businessmen are sincere, trustworthy, and honest. I cannot believe that they deliberately want to defraud the Government. If in the post-war audit fraud is detected, both fines and jail sentences are provided. Those who attempt to defraud the Government will, we hope, in every instance be caught and severely punished.

Passage of this bill will, Mr. Chairman, make possible the quick termination of contracts with honest and just settlements in the large majority of cases. Congress, I am sure, wants to be fair to the war contractor while at the same time desires to pave the way for as short a transition period from war to peacetime production as can be had. Affirmative action on our part in regard to this bill will help solve the problem of any possible long drawn out accumulative unemployment.

Just how important this contract termination and conversion ties into the

whole post-war economy can be best understood from figures made available by the Senate Special Committee on Post-War Economic Policy and Planning. I quote:

Estimates as to the total number of people employed and available for employment today, including the armed forces, vary from sixty-one and one-half to sixty-three million. There is no real difference in these figures, as they reflect seasonal changes, so that the larger figure may be taken as the total number of people ready, willing, and able to work.

Estimates of the number that likely will withdraw from the labor force, including those who will return to school or college, those who will retire because of old age or because, like many women, they would not have been in the labor force but for the war, range from four to five million. The higher figure is more likely to be correct. On the other hand, it must be remembered that additions to the labor force are normally around 750,000 a year.

In order to fix a terminal point for calculating the labor force, certain assumptions as to time must be made. Those assumptions may or may not be correct and a difference of 1 year in them would make a difference of 750,000 people.

If it be assumed that the war in Europe will end this year; that the war in Asia will continue for a year thereafter; and that a year and a half will be consumed in demobilizing the armed forces to their post-war strength—estimated at from two to three million—there will be between fifty-seven and fifty-eight million people in the post-war civilian labor market.

The highest employment this country ever reached prior to 1941 was approximately 46,000,000 people. This figure includes everyone gainfully employed. It was reached only three times—in 1929, 1937, and 1940.

Today, with a manpower shortage, approximately 1,000,000 are unemployed, and this seems to be the irreducible minimum.

After making allowance for frictional unemployment, in order to attain full employment in the post-transition period, jobs must be found for somewhere between fifty-four and fifty-six million people.

Estimates as to the size of the working forces during any stage of the transition period are more difficult. That figure will depend on factors that hardly can be foreseen and to a large extent will depend on the intelligence with which the reductions in war production are planned and put into effect.

Today approximately 50,000,000 people are employed, outside the armed forces. Over-time work is estimated to be equivalent to the work of an additional 5,000,000 people.

Right there we are at the root of this whole problem. Unless contracts are speedily terminated and unless conversion to peacetime production is reduced to a minimum, we face possible catastrophic results particularly as it applies to unemployment. Widespread unemployment is the thing we must avert.

At this time I want to pay tribute to industry for the unparalleled feat they have accomplished in turning out such huge production of wartime materials. Industry has and is answering the challenge laid down to them calling for unprecedented production. With passage of this legislation I trust we can help smooth the way toward allowing them to readjust their factories and plants to the end that a minimum of trouble will be experienced and their productive efforts can and will shortly be directed

with full steam ahead for the peacetime output of goods.

Mr. GWYNNE. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON of New Jersey. Mr. Chairman, the pending bill to provide for the settlement of claims arising from terminated war contracts is of prime importance if we are to have an orderly transition from war production to that of peace production.

CONTINUITY OF EMPLOYMENT NECESSARY

To change from a war economy to a peacetime economy will be far more difficult than was the change from a peacetime to a war economy. In no particular will this be more readily noticeable than in the field of employment.

As we entered into war production the demand was for workers. As our production program gained momentum the cry was for more and more workers. At last even the lure of high wages failed to produce the necessary manpower. Driven almost to desperation, in an endeavor to find sufficient workers, Government agencies adopted all sorts of rules, regulations, and requirements to provide an adequate working force to keep production at the high level made necessary by our ever-expanding military and naval activities.

With the close of the war the demand for the articles and weapons of war will come to an end. Cancellation of war contracts will then be immediately made. With the cancellation of these contracts there will naturally come an immediate cessation in war production. When war work stops there will be at once thousands, yes, millions of workers out of a job. Where can they go to get a job? They cannot return immediately to former peacetime activities, for all such, generally speaking, have been closed out in the war effort.

What about the returning soldiers? We have promised them their old jobs back again when they have returned. While it is true that they, under a plan of demobilization may be gradually returned to civilian life, yet, every mother's son of them, as soon as the war is over, will want to get out of the Army as soon as they can. They will be impatient until they are discharged. The pressure on Congress to demobilize quickly will be terrific. And, when they are discharged, early or late, we add millions more to the millions of workers already unemployed who are seeking employment.

You may say the picture I have painted is dark. I know it is. But it is not any darker than the actual conditions will be unless we do something about it.

This bill now before us is one of the steps that will help prevent such a picture of distress and misery from becoming a certainty. Of course, other legislation will be necessary to supplement it. These further steps are now the subject of study and consideration by the House Special Committee on Post-war Economic Policy and Planning, under

the able leadership of the distinguished Member the gentleman from Mississippi [Mr. COLMER]. Additional legislation will be presented as fast as careful consideration and study will permit.

OTHER PROBLEMS TO BE SOLVED

As an indication of the broad field of study being covered by the committee, to meet the various problems that must be solved if we are to have an orderly and stable transition from war to peace, and continuity of employment, I mention the following as among the subjects that must of necessity be considered:

First. The demobilization of civilians and servicemen from the war effort and the measures which will expedite their reemployment.

Second. Measures to care for the unemployed during the interim of reconversion to peacetime pursuits.

Third. The cancellation of war contracts and means of paving the way for early resumption of peacetime production and an expanding post-war industry.

Fourth. The disposition of war surpluses and of Government-owned industrial plants.

Fifth. The modification and removal of wartime controls.

Sixth. The place of public works and construction during the transition and in the post-war period.

Seventh. The financing of post-war reconversion and expansion.

Eighth. The relation of tax policies to post-war expansion.

Ninth. The restoration of balance in the Nation's post-war economy—between the areas of the country expanded during the war and the areas reduced during the war, between agriculture and urban industry, between small and large business; between available goods and available purchasing power.

Tenth. The cooperation of the United States in the restoration of international trade.

TIME IS OF THE ESSENCE

We are all deeply conscious of the need for speed in dealing with these matters. Already disturbing problems, connected with them, are upon us. Thousands of contracts have already been canceled. They represent millions of dollars and affect thousands of employees. If we are not vigilant and aggressively active in meeting the situation, we will be overwhelmed before we know it. Should there be a cessation of hostilities before we have set up the machinery for dealing with these problems we will be caught in a downward swirl that will not be good for the welfare of our Nation and its people. The need is already here. The responsibility is ours. We must meet it now. Not sometime in the future. To delay or temporize will be to fail and bring chaos to our economic system.

The House Special Committee on Post-war Economic Policy and Planning in making this bill the first subject for consideration did so because it seemed to be the first and most necessary thing to do to make possible continuity of em-

ployment as we change from war to peacetime production.

OBJECTIVES OF THE ACT

The objectives of the act are:

First. To facilitate maximum war production during the war, and to expedite reconversion from war production to civilian production as war conditions permit.

Second. To assure to prime contractors and subcontractors, small and large, speedy and equitable final settlement of claims under terminated war contracts, and adequate interim financing until such final settlement.

Third. To assure uniformity among Government agencies in basic policies and administration with respect to such termination settlements and interim financing.

Fourth. To facilitate the efficient use of materials, manpower, and facilities for war and civilian purposes by providing prime contractors and subcontractors with notice of termination of their war contracts as far in advance of the cessation of work thereunder as is feasible and consistent with the national security.

Fifth. To assure the expeditious removal from the plants of prime contractors and subcontractors of termination inventory not to be retained or sold by the contractor.

Sixth. To use all practicable methods compatible with the foregoing objectives to prevent improper payments and to detect and prosecute fraud.

SURVEILLANCE BY CONGRESS

To assist the Congress in appraising the administration of this act and in developing such amendments or related legislation as may further be necessary to accomplish the objectives of the act, the appropriate committees of the Senate and the House of Representatives shall study each report submitted to the Congress under this act and shall otherwise maintain continuous surveillance of the operations of the Government agencies under the act.

In January, April, July, and October of each year, the Director shall submit to the Senate and House of Representatives a quarterly progress report on the exercise of his duties and authority under this act, the status of contract terminations, termination settlements, and interim financing and such other pertinent information on the administration of the act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

UNDERLYING PURPOSE OF ACT

The underlying purpose of this bill is to provide speedy settlements of amounts due from the Government upon cancellation of contracts to the end that such moneys may be quickly available to be utilized in starting peacetime production. If millions of dollars are held indefinitely in the hands of the Government, the private enterprise, to which it is due, is handicapped in proceeding with its reconversion program. This naturally produces a lag in employment.

When this condition arises, and is multiplied by the thousands of businesses similarly situated, it does not take long for it to reach serious proportions.

PROTECTION AGAINST FRAUD

To achieve speedy settlements and at the same time provide every reasonable safeguard to protect the Government from improper claims and unwarranted payments, the bill provides standards to be observed and applied in the settlement of claims arising out of terminated war contracts. The penalties for fraud, and even attempts to obtain improper amounts from the Government, are extremely severe both from a civil and criminal standpoint. Every conceivable safeguard consistent with the objectives of the act has been provided. The powers, duties, and authority of the Comptroller General under present law have not been changed. Under the terms of this bill he has lost no right or privilege now held by him to detect fraud. In fact, in some particulars doubtful or uncertain rights have been confirmed or strengthened. We all realize that no law, however severe, has yet been able to stop wrongful acts, not even the death penalty for first-degree murder, but so far as is humanly possible this bill by its provisions has made it not only difficult but certainly poor business for anyone who should attempt to defraud the Government.

INTERIM FINANCING

Aside from providing a procedure that will encourage and facilitate speedy settlements of claims, it also makes provision for interim financing pending the settlement of the claim that is being processed. This feature of the bill will prove of great benefit in promoting the underlying objectives of the act. Without this provision private industry, particularly small business, would be greatly handicapped in obtaining credit or loans to immediately commence its peacetime activities. Without this provision the claimant would be required to await the receipt of the amount due him. Even with all the other provisions of this bill to facilitate early settlement of claims, there might conceivably be a lapse of time that would seriously interfere with the ability of the claimant to carry on his peacetime activities as soon as it is hoped he will be able to do. Any lag or interference with business going "full steam ahead" will be reflected in unemployment. The one thing most necessary in the post-war period, particularly, immediately after the shutting down of war industries, is to provide employment. This provision for interim financing is one of the most essential in the whole bill, and will undoubtedly prove of great value in assisting private industry to provide employment.

REMEDIAL PROVISIONS

A further feature of the bill that deserves approval is that relating to the rights of claimants. A procedure has been set up that will, in my opinion, give any claimant every reasonable right to obtain justice without going into court with the consequent expense and delay, yet if the claimant does not wish

to avail himself of such procedure there is nothing in this bill to prevent him from going into court to establish any right that he feels belongs to him—or such claimant may avail himself of the procedure provided in the act, designed for speedy settlement of his claim, and if not satisfied may then go into court. No existing remedy that a claimant now has under the law is taken from him, but in addition thereto he is given an opportunity to avail himself of a settlement procedure that can facilitate his settlement if he so desires. This is fair and just to all parties concerned, Government and claimant.

SUBCONTRACTORS PROTECTED

The bill also provides for the protection of subcontractors, where full justice requires that they be paid when the financial status of the prime contractor may prevent, or for some moral or equitable reason the subcontractor is entitled to be paid. The plight of the subcontractor has in some cases been pathetic. Many subcontractors were urged to enter into war production, auxiliary to some prime contractor whose credit status they did not know. In many instances these were small manufacturers who cannot afford to go unpaid. If they do, then employment suffers. Their capital does not permit their continuing in business. There are many illustrations, of varying kinds, that might be given to support the propriety of this provision. Suffice it to say it seemed not only sound and just but also necessary that some provision should be made to apply equitable, as well as legal, principles to the settlement of claims of subcontractors. They responded to the call of their country, they produced as requested, and they are entitled to be paid.

CONCLUSION

In conclusion, permit me to call to your attention the conditions that resulted from the sudden cancellation of the Brewster contracts. Immediately there was a cry of despair from the workers. Fortunately in this instance the Navy was able to find other work that could be done by the plant and the workers were put back to work. This was possible because there was appropriate war work that could be assigned to them. But, if the cancellation of the Brewster contract had come as a result of the ending of the war, then there would not have been an opportunity to give additional war work. The result would then be that the workers would be in the ranks of the unemployed. Therefore, it can be readily seen how important it is to facilitate, by every means possible, an orderly and quick transition from war work to peacetime production that there be continuity of employment. This bill is one of the steps toward the fulfillment of such a program. It deserves, and I trust will have, the support of this House.

Mr. GWYNNE. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. CANFIELD].

Mr. CANFIELD. Mr. Chairman, the aviation industry of the United States is vitally interested in the war contract

bill, and this industry together with all America is thrilled at the remarkable performance turned in over Japan yesterday by our boys in the new but already famous American B-26 bombers. These mighty instruments of war are now our No. 1 offensive weapon for both land and sea attack. They are well described as "the paralyzers." They will knock out the enemy and speed victory for our fighting forces. The B-29's are powered by the tried and true Wright Cyclone engines, which top in speed and durability anything the world has ever seen. I rise to say with no little pride that these engines are designed and constructed by my friends and neighbors in Paterson, N. J.

Let me tell the House about a most interesting coincidence that happened in Statuary Hall this afternoon. With a group of my constituents I was touring the old House of Representatives and I literally bumped into the distinguished gentleman from Kansas [Mr. REES] doing the same thing with a group of Kansans. I was standing on that bronze plate that marks the spot where John Quincy Adams of old had his desk and where, as you know, he was fatally stricken. The gentleman from Kansas said to me, "CANFIELD, let us show our friends and our constituents just how the whispering gallery functions."

The Kansans remained by my side and the gentleman from Kansas [Mr. REES] paced off 15 steps with my New Jerseyites and he said, "Go ahead, CANFIELD." With a dramatic effort I whispered, "Mr. REES, the young men standing alongside of you are domiciled in Paterson, N. J., in my district. They helped construct those Wright Cyclone engines that powered the B-29 bombers that bombed Tokyo and other cities of Japan yesterday."

"Well," replied the distinguished gentleman from Kansas, "that is very fine, Congressman. Let me tell you this, the folks standing alongside of you are domiciled in Wichita, Kans. They are constituents of mine. Wichita, Kans., is the home of the Boeing Corporation which made the planes that carried those Wright Cyclone engines over the Japanese isles."

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. CANFIELD. I yield.

Mr. REES of Kansas. Mr. Chairman, permit me to say that was an unusual instance and I just want to say that the people of Kansas and of Wichita, especially, are honored in having the air capital of the Midwest at Wichita.

Mr. CANFIELD. The East salutes the West and the West salutes the East and we all salute our boys and those bombers.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. SUMNERS of Texas. Mr. Chairman, at the request of the gentleman from Florida [Mr. SIKES], to whom time has been assigned, I yield 6 minutes to the gentleman from Ohio [Mr. ELSTON].

Mr. ELSTON of Ohio. Mr. Chairman, I appreciate, of course, the courtesy of my distinguished friend from Florida [Mr. SIKES] in yielding me this time. At

the outset I want to make it clear that I am in complete accord with everything that has been said this afternoon with respect to the necessity of passing legislation which will guarantee the prompt settlement of war contracts and provide continuity of employment. I have no objection to most of the provisions of the bill before us today and I am as hopeful as anyone that a satisfactory contract-termination bill will be passed without delay. I hope, however, the present bill will be amended to conform to some of the provisions of the bill recently reported to the House by the Committee on Military Affairs. Much has been said in this debate about the part the Comptroller should take in the settlement of war contracts. In the few minutes that I have I shall discuss that phase of the question. Actually that is the only matter in serious controversy. The bill before us gives the Comptroller virtually no authority. In fact, I believe it takes from him authority he already possesses. In this connection it may be interesting to know what the Comptroller General himself thinks of the settlements that are now being made. Let me read a letter which he sent to me on May 6, 1944. It is as follows:

MY DEAR MR. ELSTON: At the request of Chairman MAY, I am enclosing herewith merely a few examples of questionable practices and transactions of war agencies which have been objected to or corrected by the General Accounting Office. As I have previously stated, there are literally hundreds of such cases that could be cited. You will recall that I placed 270 of them in the record when I testified before your committee last October.

Now, Mr. Chairman, I hope you will listen to this paragraph because it represents the opinion of one who should know whereof he speaks. His letter reads further as follows:

I am also sending you 14 photostatic copies of termination settlements that have been sent by war agencies to the General Accounting Office. No supporting data or other information accompanied these settlements. This office has requested that such information be sent in, and it has been refused us. I have previously stated and again repeat that the audit function of the General Accounting Office of these settlements, whether it be for \$1,000,000,000 or \$100, can under the terms of the Murray, Vinson and Ke-fauver bills, be consummated by a 10-year-old boy in 10 seconds. would be possible for any of these termination settlements to reek with fraud, and I think you will agree that on the record I am enclosing you, which is all we have, it would be impossible for fraud to be detected.

With best wishes,
Sincerely,

LINDSAY C. WARREN,
Comptroller General of the United States.

Mr. Chairman, I wish I had the opportunity to comment more fully on the documents to which Mr. Warren refers. These meager statements were all that were sent to the General Accounting Office. I challenge anybody to indicate how fraud could be detected in a document of this kind consisting at most of only a page or two of writing, without the semblance of any supporting evidence. If this practice is to continue there would

be no limit to the fraud and irregularities that might occur.

The bill before us today does not, as my friend from New Jersey indicated a few moments ago, continue all the functions of the General Accounting Office. I submit to you that it takes from that Office much of the authority it now possesses. Let us refer for a moment to section 16 (a) of the bill. You will there find a provision that the Comptroller General cannot act until after final settlement has been made. And at the beginning of that section you will observe the words "any other provision of law notwithstanding." This obviously includes all of the laws now on the statute books from which the General Accounting Office derives its authority.

Now let me refer to section 18 (a). That section gives to the Director, whoever he may be, the authority to say what evidence shall be submitted to the Comptroller General, for the section says:

He—

Meaning the Director—

shall prescribe (1) such records to be prepared by the contracting agencies and by war contractors as he deems necessary in connection with such settlements and interim financing, and (2) the records in connection therewith to be transmitted to the General Accounting Office.

Consequently, if this remains in the bill, the Comptroller may continue to receive just such documents as he has referred to in his letter. In other words, a bureau head will have the power to pass on how much evidence the Comptroller General will be permitted to consider. I believe in the interest of all taxpayers the Comptroller General should be afforded all possible opportunity to detect fraud and other irregularities.

Mr. WALTER. Will the gentleman yield?

Mr. ELSTON of Ohio. I am sorry. I only have a few minutes.

Mr. WALTER. The gentleman is making an incorrect statement and I would like to call his attention to the specific provisions of the law.

Mr. ELSTON of Ohio. The gentleman can do that on his own time. I gave my interpretation of this section and the gentleman cannot construe it as he sees it. The report of your committee indicates that the section would do what I have stated.

I, too, have great faith in the honesty and integrity of those in our contracting agencies who are now settling contracts. But that is no reason to divest the General Accounting Office of its authority. It would be a dangerous precedent. Congress has set up the General Accounting Office for the purpose of detecting fraud wherever it may be. If this House is going to pass a bill depriving the General Accounting Office of full opportunity to detect not only fraud, but irregularities and gross carelessness, I submit we have made a serious mistake. These defects in the present bill can be corrected by amendments which will be offered. The bill of the Military Affairs Committee not only provided for prompt and full settlement with all war

contractors but it protected the taxpayer as well. No honest contractor need fear the General Accounting Office. A dishonest contractor should have his actions reviewed.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. ELSTON] has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. SIKES].

Mr. SIKES. Mr. Chairman, the Congress unquestionably realizes that contract termination is one of the most important matters now pending. Two factors are of particular moment, speed in reconversion to peacetime processes, and safety in handling of public funds. Both may be determined by the legislation which we write.

Many war contractors have expanded their facilities to such an extent that cancellation of war contracts without immediate partial payments and speedy settlement of their claims would imperil the Nation's rapid reconversion to full employment in peacetime pursuits. The Nation is now geared largely to war production. It cannot suspend war production overnight without very serious dislocations unless an adequate, sensible, speedy plan for contract termination settlements is in operation.

The Military Affairs Committee, after many months of study, offered an adequate, sensible, and speedy plan for contract termination. That plan is not before us. The Committee on Rules has seen fit to place another plan before the House. With all respect for the able gentleman who reported it, I do not think it has had the benefit of the careful study given our bill. However, I admit readily that it provides for speedy settlements, and I do not question its objectives. It does not contain one safeguard which to me is highly important. By eliminating the Comptroller General almost completely from the contract termination picture and granting him only a casual review of the final, condensed proceedings, this measure makes the contracting agencies the judge of their acts. They award the contracts. They settle the contracts. They are virtually the sole judges of both acts and all that goes between.

I prefer to see the Comptroller General, the one agent of Congress in all the maze of Government offices, given a voice in charting a safe course through the dangerous waters of contract termination.

We are offering an amendment, taken from the bill written by the Committee on Military Affairs, to insure a review of these important settlements by the Comptroller, to bring an independent agency into the picture. Adoption of this amendment will not delay contract settlements.

As the bill before us now reads, the contracting officer would possess complete power to deal with contract terminations as he saw fit. The board set up in the bill for supervision and review is largely inconsequential in effect, and, in my opinion, it has but little value. The

contracting officer is answerable only for fraud, and proof of fraud, we know, is almost impossible to establish in any court. After the horse is gone it is a little late to start to worry about it. The Comptroller can help us keep the horse.

At this point I wish to quote from a statement made before our committee by the Comptroller General, Hon. Lindsay Warren:

You should not permit the war contracting agencies to make final settlement for war contract termination claims. There should be a review of such large and important settlements by an independent agency. The Congress has such an independent agency. It is the General Accounting Office; its head, the Comptroller General, is the agent of Congress. It is the only truly independent office in the entire Government whose duties pertain to the checking of Government expenditures. It has no friends to reward or enemies to punish. We are strictly nonpolitical. Careful and efficient administrators in the Government welcome our audits and our inspections and give us full cooperation. It is only those who desire no restraint and who try to circumvent the Congress who desire to escape our supervision. The enormity of the task has been fully considered and the possibility of establishing with adequate funds a special staff equipped to do the job has also been considered. We can and will do this termination job if it is the will of Congress. We will have no alibis if we fail.

Mr. Chairman, I am convinced that the vast majority of contractors and contracting officers are actuated by honorable motives. But just as a petroleum scandal will besmirch an entire administration, so can the weakness of a very few officials cast suspicion upon the entire structure of contract-termination settlements. I seek protection for that vast majority in whom no breath of scandal should taint, and I seek protection for the taxpayer who must pay the bill down through the generations.

I fail to understand why the various departments should desire to undertake the sole responsibility of contract-termination settlements. I can understand the Comptroller General's solicitude for taxpaying America. It is a solicitude which I, too, share, and for that reason I favor the lodgment of final authority in contract-termination settlements in the Office of the Comptroller General, the General Accounting Office. That is the purpose for which that Office was created.

Mr. HANCOCK. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Chairman, I wish to say further with reference to the statement of the distinguished gentleman from New Jersey [Mr. CANFIELD] concerning the great B-29 bombers, from the war plants of Wichita, Kans., that a great deal of justifiable praise has been given to the magnificent performance of the super flying fortress of the air, manned by well-trained daring men of America.

Mr. Chairman, citizens of Kansas are proud of her great air capital, Wichita. The people of Wichita, and especially the thousands of employees in her fac-

ories, take justifiable pride in producing the giant super fortress that is destined to take such an effective part in bringing Japan to her knees.

Mr. Chairman, of course the people of Kansas, as well as those of other parts of the country are interested in the legislation dealing with termination-of-war contracts. It is a problem that is going to challenge the best-trained minds dealing with this subject. The success with which contract termination is handled will determine largely the ability of this country to pass through the transition of a wartime economy to a peacetime one. This is one problem in which industry, labor, and all classes and people from all walks of life are very much concerned. The solving of this problem will test the ability and strength of our system of free enterprise.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 1 minute to the gentleman from Washington [Mr. JACKSON].

Mr. JACKSON. Mr. Chairman, I was very much interested in the remarks made by my distinguished friends from New Jersey [Mr. CANFIELD] and Kansas [Mr. REES] about the superfortresses. For the sake of the record, I think it should be pointed out at this time that the Boeing Co. which built the Flying Fortress and the superfortress has its home plant in Seattle, Wash.

The truth is that in 1936 the first Flying Fortress was made out in Seattle, and since that time the rest of the country has seen the great work that has been done by this company. They now have branch plants in several States.

Mr. CANFIELD. The distinguished gentleman should have been with us in the whispering gallery this afternoon.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 7 minutes to the gentleman from California [Mr. VOORHIS].

The CHAIRMAN. The gentleman from California [Mr. VOORHIS] is recognized for 7 minutes.

Mr. BREHM. Will the gentleman yield?

Mr. VOORHIS of California. I yield. Mr. BREHM. I just wanted to make this remark that if it had not been for the Wright Brothers at Dayton, Ohio, you people would not have anything to crow about concerning the airplane factories in your districts.

Mr. WORLEY. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. WORLEY. No matter where these planes may have been manufactured, they could not have gone to Tokyo without Texas gasoline. Then, of course, while no information has been released, I dare say that about 90 percent of the flyers who went on this raid were from Texas, as usual.

Mr. VOORHIS of California. Mr. Chairman, I have enjoyed this discussion. I come from that section which is the cradle of the aircraft industry, Los Angeles, Calif., where, before the war, over 50 percent of all the aircraft in this country was constructed. I am glad to find the rest of the Nation is becoming

as air-minded as our section of the country has been for many, many years.

Mr. Chairman, the bill before us today is one which is difficult for me to follow and one over which I have worked and pondered a great deal. As I see the fundamental question it is this: There is only one thing which is more important than the speedy termination of contracts in order that liquid funds may be in the hands of manufacturers so that they can continue production. That one thing which is more important is the continuous flow of consumer purchasing power, which is after all fundamental to all production, and which, in my judgment, has got to be the subject of almost immediate legislation, which I think will be even more fundamental than the bill now before us.

I am not going deeply into the details of the bill that is before the House today, except to say that in discussing it in the Post-war Committee it seemed to me there were two principles involved. The first of those was that the bill was to be framed in such fashion as to make possible the speediest possible action and as much finality of action as possible with regard to the termination of the contracts.

In the second place, there should be provided very severe penalties indeed for anyone who did not play fair in the matter. My personal opinion was that some of those penalties should have been even more severe than they are in the bill, but as the bill stands, there is a penalty of 25 percent of the excess amount that might be claimed under fraudulent or wrong circumstances even though the man never collected it. I think that should have been 100 percent. At least it is 25 percent. But for a parliamentary tangle I think it might have been different. However, the man who does succeed in collecting by fraudulent means or other wrongful means, more than he is rightfully entitled to, would under this bill be penalized not only 10 years imprisonment or a \$10,000 fine, but also civil damages equal to triple damages, plus \$2,000 as I read the bill.

Those penalties are pretty severe. I think they should be. I do not think they are a bit too severe. The thing which, it seems to me, saves the bill is this principle that you are going to try to effect speedy termination and you are going to attempt to make your penal provisions so severe that if anybody tries to take advantage of the fact that Congress has attempted to make speedy termination possible, we are going to deal with him in accordance with his crime.

I want to turn now, if I may, to another phase of this problem, and to forecast a couple of amendments which I propose to offer to the bill. It is presumed by this time that the effect upon American economy of the war has been to vastly strengthen the aggregation of capital, industry, and power, and correspondingly to place smaller scale business in a relatively disadvantageous position.

I have before me some charts of what happened in the metal manufacturing, where we find that in 1939, 22 percent of metal products were produced by firms

employing 2,500 or more people, whereas in 1943, 55 percent of all metal products were produced by those large concerns. Of course, there were corresponding reductions in the percentage of metal products put out by the small concerns.

There is not much we can do about the effects of the war, but there are things we can do about what is going to happen in the reconversion period, and unless we take positive action to see to it that not only is small business protected but that definite, creative effort is put forth to place small business in a more advantageous position, I do not think it is going to happen.

The question is whether the reconversion period will further fasten monopoly upon our Nation or whether it will strengthen small firms and promote free enterprise. Small business has got to be in position to go ahead. I think it should be permitted to reconvert before big business, and Mr. Donald Nelson before the Committee on Post-war Planning the other day agreed with that statement. I hope it is going to be carried out, but small business will not be able to do this unless provisions for the financing of small business in this difficult period are definite and clear.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield the gentleman from California 1 additional minute.

Mr. VOORHIS of California. I thank the gentleman. I merely want to say that I have made only the introduction to my speech about my amendments, but I will present them to the committee tomorrow and I assure you they are very good amendments.

Mr. GWYNNE. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. CARLSON].

Mr. CARLSON of Kansas. Mr. Chairman, every one of the last few speakers has made a statement that he had some connection with the B-29 bombers; consequently I want the RECORD to show that I was present when the first one rolled off the line at Wichita, Kans.

Mr. Chairman, the pending legislation is most vital to our post-war reconversion of industry. The termination of contracts is but one phase of a multiple problem. Congress should immediately enact legislation dealing with these several phases. It is our duty to enact legislation that will cut red tape and bring about reconversion of industry from war to peacetime production. Various bills have been and are now being considered dealing with war production, reconversion, post-war adjustments, expansion of foreign trade, taxation, agricultural problems and social security.

The problem of post-war taxation is most important and in my opinion it is the basic problem affecting permanent post-war production and employment. The termination of contracts, the disposition of surplus property and other items that have been mentioned are of immediate concern and action must be taken at once. However, we must not con-

clude that these are the only problems. A tax program that will furnish incentive for investment and full employment should also have immediate consideration. A tax program that will provide investment incentive is most essential if we are to continue the enterprise system which has made America great.

We secure production and employment either through the use of private capital or the other alternative of Government loans and employment. I fully realize that we cannot change our present tax legislation during the war emergency. However, we should be in a position to assure the country of a tax program that will provide every incentive for investment capital. Either private capital furnishes the money for the expansion of our industry or the Federal Government must. I contend it would be most unfortunate if we retain a tax burden that prevents the full use of private capital. Our prosperity demands high volume of production and low taxation. High volume and low taxes will furnish employment for the millions of our men and women who are working in the factories today, and our returning veterans. If we cannot secure this the only alternative will be a Government-financed program of W. P. A., P. W. A., and other alphabetical agencies that we want to forget.

Under existing tax legislation we reward debt capital, that is, corporations and individuals are penalized for placing their money into venture or risk capital. I think I can best illustrate this by specific cases.

Let us take 10 individuals who have an annual income of \$50,000 each. They decide to form a one-million-dollar corporation, each of them investing \$100,000. Let us assume that the corporation had a very successful year and they made \$100,000 on their investment. Let us assume also that this corporation paid only the normal tax of 40 percent, and did not have excess profit or other taxes to pay. There would remain \$60,000 to be distributed among the 10 individuals. This sounds like a 6-percent return on the investment and might be considered very good. What actually happens is this. As these individuals were in the \$50,000 income-tax bracket the Federal Government would take 75 percent of the \$6,000 for personal income taxes. There would remain \$1,500 for each individual, or 1½ percent on the investment. Should these individuals live in a State where State income taxes apply, their return would be reduced further. Certainly, you cannot expect our citizens to risk their capital in private enterprise on the present tax structure. Should these individuals be in the \$100,000 income class and make the same investment their return would be only \$720. Should they be in the \$25,000 income-tax bracket their return would be \$2,190, or 2.19 percent. The return on the War bonds at present is 2.9 percent. Surely no individual would care to risk his money for a return of 2.19 percent when he is

assured of a 2.9 percent return on Government bonds.

Someone will probably ask what tax bracket a citizen must be in to secure the same return as his investment in Government bonds on the corporation I first mentioned. The tax tables show that the income must be about \$14,000. Most everyone will agree that a 4-percent return on invested capital is not excessive, yet under existing tax laws a citizen cannot afford to make such an investment in private business if his taxable income is as much as \$5,000 a year. The present tax structure must be changed immediately at the conclusion of the war in order to keep our people employed in private industry. This is also a job for Congress and it is my hope that we take early action on this important matter.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 7 minutes to the gentleman from California [Mr. J. LEROY JOHNSON].

Mr. J. LEROY JOHNSON. Mr. Chairman, I realize the hour is late and that as a new Member, perhaps I should not take up your time. But I participated in every single hearing on this subject before the Committee on Military Affairs and also visited four separate termination offices to try to understand something about this problem. I became convinced from attending those hearings and visiting those offices and going over matters with the termination officers that the only way to solve this problem was to eliminate long complicated audits and get a speedy and final termination of this entire matter by negotiated settlements. Sometimes, in order to understand how complicated things can be, illustrations are of great value. I want to cite to you one case to show what this auditing would mean if we went into it in the way that the Comptroller General wants to go into it. The Lockheed Aircraft Co. of Los Angeles in the year ending October 1, 1943, in order to transact their business, handled over 50,000,000 pieces of separate memoranda and papers. Think of that. Furthermore, in the Chicago ordinance district office they told me that if the contracts with the Ordnance Department alone in that district were terminated at that time it would take one-third of all the warehouse space in Chicago to take care of the property on hand on these unfinished contracts. We can multiply this situation thousands and thousands of times in our manifold war production program.

The people I am thinking of and want to see relieved are not the big contractors who have the cushion of lots of money and resources, I am thinking about 1,000,000 small contractors who have got to get a quick settlement in order to reconvert to civilian economy, or they will go bankrupt.

The same company I mentioned in Los Angeles in October 1943, had 4,650 separate subcontractors providing materials and various kinds of work for them; so you can see how complicated this thing could be. Do you not realize that in this war we had to change our

military ideas entirely from what we learned in 1918? I say that in order to fight the problem we are going to have when the actual military battles are over, when we come to fighting the economic war that faces us we must revise our ideas on how to handle these matters.

Also I want to point out that every single settlement we make in the termination of these contracts has already been audited by the Army, by the Navy, by the Maritime Commission, and so forth, and what the Comptroller General would be doing would be merely to go over what has already been completely checked and audited. Also, do you realize that checking the books unearths very few fraud cases? Mention was made today of a colonel in Hawaii whom it was claimed defrauded the Government of a good many thousands of dollars. If the Comptroller General is so competent that he can catch and detect all fraud why did he not pick up that case? You know the answer. The answer is that men who deal in fraud and subterfuge are able to hide their tracks and no auditing in the world will ever take care of those situations. The gentleman from Georgia [Mr. VINSON] pointed that out very clearly.

Furthermore, let me point out another problem, namely, that in the settlement of these complicated contracts a part of it is a factual settlement—there is so much material on hand that the man has bought, cost of his premises, and so forth. The testimony showed that this might amount up to as much as \$25,000,000,000. The other factor is the value of the intangibles. The factors entering into that determination, the judgment, the determination, the opinion, of the negotiating officer as to what shall be allowed for obsolescence, for depreciation, for unused leases, for partially used new buildings, and so forth; and that resolves itself down to that intangible thing we call the opinion of those men.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. J. LEROY JOHNSON. I yield.

Mr. MAY. The gentleman does not mean to say that the House would authorize the Comptroller General to audit the opinions of anybody, does he?

Mr. J. LEROY JOHNSON. He is going to audit the whole account, as I see it under the provisions of the bill H. R. 3022, for it provides that he shall audit the entire transaction and the allowances to the contractor before final and complete settlement is made. I asked the question of one of the witnesses if that meant they were giving their judgment on whether or not the settlement was a fair one. I think he said "Yes."

Mr. MAY. The gentleman does not mean to say this bill authorizes him to audit the judgment of anybody?

Mr. J. LEROY JOHNSON. Yes; he audits the whole business.

Mr. MAY. How does he do that?

Mr. J. LEROY JOHNSON. He audits the whole claim and as to whether or not the settlement proposed to be made is O. K., and the payment on settlement include certain intangible factors that are

based on the judgment and opinion of the negotiating parties.

Why is this problem so big? Here is why it is so big. Over 50 percent of the American industrial machine is geared into war work. Over 50 percent of the industrial workers are engaged in war industry. If we do not get this turned over quickly, if the contracts are not settled, if the warehouses do not take care of the surplus material, then these men cannot go to work because the employers have not been paid for their war contracts and will not have the money to put their employees to work in order to provide the civilian demands that will be made of the very industries now in war production. If we do not get the war contracts settled, then we cannot quickly turn our men into the production of civilian goods for our ordinary civilian economy and get the men back to work. That is why I say this bill presents the best possibility of rapidly turning over our war machine and our war economy into civilian economy, thereby retaining employment for the millions and millions of men now working in the war industries.

Mr. CRAWFORD. Will the gentleman yield?

Mr. J. LEROY JOHNSON. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Does this bill provide that the Comptroller General may audit the termination of a contract after a tentative termination, we will say, has been made and settlement arrived at? Can he, as the result of an audit, go back and open up that case in the absence of fraud?

Mr. J. LEROY JOHNSON. No. This bill provides, in section 16, that after final settlement he may audit as to whether or not the settlement payments to the war contractor were made in accordance with the settlement and whether the record transmitted about it warrants a reasonable belief that fraud exists. That is as far as he should be allowed to go.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HANCOCK. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. J. LEROY JOHNSON. Mr. Chairman, in determining whether there is fraud I believe that he should have that field to himself.

Mr. CRAWFORD. So do I.

Mr. J. LEROY JOHNSON. He may ask for supporting evidence any available records or facts from the respective Departments involved—War, Navy, Maritime Commission, or what not—and also from the contractor. The reference I made to settlement by the Comptroller General was in reference to the bill that it is proposed to present as an amendment to this bill which gives the final say to him; therefore makes all settlements of the War Department, and the other 22 agencies, merely tentative until the Comptroller General passes upon the particular claim. In the Lockheed plant last October the Comptroller General was 12 months behind in settlement. They had \$128,000,000 worth of contracts

and there were \$62,000,000 worth of claims still pending for which that company had not been paid. This illustrates how his cumbersome machinery, which was not intended for this kind of a job, cannot do the work, and why I believe the present bill will do the work.

Mr. DURHAM. Will the gentleman yield?

Mr. J. LEROY JOHNSON. I yield to the gentleman from North Carolina.

Mr. DURHAM. Have those accounts ever been submitted to the General Accounting Office?

Mr. J. LEROY JOHNSON. Yes. That is what Mr. Shaw said.

Mr. CRAWFORD. Can the Comptroller General, under the bill the gentleman is now discussing, reopen a case after settlement for any purpose other than fraud?

Mr. J. LEROY JOHNSON. I do not think he can; no.

Mr. CRAWFORD. Does the gentleman know of any way to more quickly destroy American industry than to permit him to do so?

Mr. J. LEROY JOHNSON. No.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 8 minutes to the gentleman from Louisiana [Mr. BROOKS].

Mr. BROOKS. Mr. Chairman, I want to reiterate one thing that has been said here this afternoon; that is, I want prompt, efficient, and fair settlement of every terminated contract as prompt as it can be settled, but in doing so, Mr. Chairman, I want an honest, fair settlement made of each terminated contract.

I have heard a great deal said in reference to the emergency, the need of prompt termination, and the need for an orderly and proper transition into peacetime endeavor in order to maintain employment in the peace that follows this war. With all of that, I agree wholeheartedly. But I likewise feel that no settlement is fair to the United States of America that is not properly considered before the settlement is made. I would like to hear more said about the rights of the taxpayer and the rights of the Government in this discussion today.

Mr. Chairman, the Comptroller General's Office was set up after about 4 years of almost continuous debate in the House and in the Senate of the United States. I have gone back and reviewed the CONGRESSIONAL RECORDS, which indicated the reasons in the minds of the authors of this measure and the reasons in the minds of the Members of the House and Senate at the time this act was passed. Anyone who takes the trouble to go back and refresh his mind, if he was serving at that time, he will remember and read those hearings for the first time, he will see the very reason and purpose of putting in the Comptroller's office was to take care of a situation like this. I have here comment after comment from the newspapers throughout the United States in 1919, 1920, 1921, and succeeding years as to the great scandals that occurred in connection with war contracts during the last war. In that same period the debates in Con-

gress were paralleling the headlines in the newspapers—all with one purpose, the setting up of a budget bureau to prevent waste and extravagance, and the General Accounting Office to prevent fraud and wrongdoing against the Government and the taxpayer.

Now, after years of debate which culminated in the establishment of the Comptroller General's Office for the one purpose of checking accounts before payment is made, we come here and some of us speak for and support a bill which cuts him off from the opportunity to fully check into these terminated contracts, either before or after settlement.

Mr. WALTER. Will the gentleman yield?

Mr. BROOKS. I am sorry, I have not time.

Mr. WALTER. The gentleman is misstating the bill.

Mr. BROOKS. Mr. Chairman, the time to reach fraud and wrongdoing is at the time the wrongdoing occurs. If I were a contracting officer in the War or Navy Department, the Maritime Commission, or any other of the 27 contracting agencies terminating these contracts, I would encourage and hope for some one like the Comptroller General's Office sitting in on the proceedings and advising me in reference to the termination of these contracts. I would welcome this preaudit, if you want to call it that, this preexamination, if you want to call it that, as a protection to me as an honest contracting officer trying to do a good job in efficiently terminating contracts for the Government and the people of the United States.

Mr. J. LEROY JOHNSON. Will the gentleman yield?

Mr. BROOKS. I yield to the able and distinguished gentleman from California.

Mr. J. LEROY JOHNSON. Does the gentleman believe that mere auditing will ever detect a substantial fraud?

Mr. BROOKS. I may say to my good friend in answer to his question that after years of debate the House and Senate decided that the establishment of the Comptroller General's Office was the way to handle the job. That office has been running for 24 years and I think it has been run as an efficient organization and has established confidence in Government financing and accounting.

I think that the establishment of the office at the time it was set up back there in the early twenties resulted in restoring public confidence in the Government of the United States.

Mr. J. LEROY JOHNSON. Was it not primarily designed to furnish a guide for Congress, and an orderly procedure for having accounting, so that the Congress could go in and see how they were paid, and not primarily to catch fraud?

Mr. BROOKS. The gentleman's opinion differs from my conclusions. To my mind, the reason the Comptroller General was not given full power to go in and check and examine these accounts before payment was made is that this office was established too late to prevent the great troubles arising out of the last war. The frauds and the scandals had all been completed, and it was too late to

give the Comptroller General the power to prevent what had already occurred.

Mr. JACKSON. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. I yield to the gentleman from Washington.

Mr. JACKSON. I wonder if the existence of the General Accounting Office is not some deterrent to Government agencies spending money, and if they are not more careful about spending it because they are being checked on.

Mr. BROOKS. That was the very purpose for which it was created and for the purpose of protecting the Government and the taxpayers against fraud, waste, extravagance, and all of those things, and especially at that time to restore and reestablish confidence in Government accounting methods.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 7 minutes to the gentleman from Tennessee [Mr. KEFAUVER].

Mr. HANCOCK. Mr. Chairman, I yield the distinguished gentleman an additional 5 minutes.

The CHAIRMAN. The gentleman from Tennessee [Mr. KEFAUVER] is recognized for 12 minutes.

Mr. KEFAUVER. Mr. Chairman, as has been said so many times this afternoon, I doubt if any legislation presented during this term will be of greater importance than the bill we are now considering. There are many aspects of the matter of reconversion which are crying for attention. There is this matter of settling terminated war contracts. There is also the problem of disposing of surplus property which the Army and the Navy and other agencies may have on hand now and when the war is won. Then there is the task of taking care of the human aspects of reconversion, of furnishing some additional unemployment benefits, or some provisions to take care of people who may be thrown out of work, and who are unable to take care of themselves or to find employment.

Of course, another feature of the problem of looking after and giving the best break possible to returning war veterans has been taken care of to a considerable extent, under the G. I. bill of rights. I was disappointed that it was not possible, under the legislative set-up we are here presented with, to include in this bill a title to handle the disposition of surplus property, and also that we could not include provisions in this bill to take care of the human aspects of reconversion and demobilization. But the legislative program had developed so that contract termination came up first. Most complete hearings have been had on this aspect of the problem. Hearings are still being held on the unemployment features and on the matter of disposing of surplus property, and I am not certain that the Committee on the Judiciary has jurisdiction of those aspects of reconversion. We would not have been within our rights in placing titles in this bill to take care of some features that we do not have jurisdiction of. As for me, however, I think legislation dealing with the human elements along the lines of the Kilgore bill should be passed at the earliest possible time.

During my time in Congress perhaps more testimony has been taken on this matter than any I have known of. Testimony has been taken before the Committee on Military Affairs over a period of a year and a half. Hearings have been held by the Committee on Naval Affairs. Of course, testimony has been taken by the Post-war Economic Policy and Planning Committee. They have all had important and well-qualified witnesses appear before them. The subcommittee of the Committee on the Judiciary participated in hearings with the Committee on Military Affairs of the Senate over a long period of time. The very distinguished, able Member, and lawyer, the gentleman from the State of Iowa [Mr. GWYNNE] and I sat with the Committee on Military Affairs of the Senate in these hearings. I think it is well that all of these hearings have been held. Although this may be a very technical and difficult problem, one involving many delicate points of law, the Members of the House generally, by virtue of the fact that so many committees have participated in the consideration of the question, are unusually well versed with all the angles involved and have great knowledge of the problems presented.

I feel in a great and involved matter of this kind, that instead of having so many hearings before so many committees, and instead of having the Comptroller General, the Secretary of War, the Under Secretary of War, Mr. HANCOCK, and other public officials appear before all of the committees, it would be very useful in a great issue of this nature if they could appear and explain the questions involved in contract termination before all of the Members here on the floor of the House. It would certainly save these busy executives much time. All of the Members could then be currently advised, the passage of the legislation would be expedited and a better result would be attained. Would it not be helpful if many months ago Mr. Warren, Mr. Baruch, Mr. Stimson, and others had been permitted to discuss with the whole membership the importance of and the intricate points involved in contract termination? It would certainly save everybody a lot of time and save a lot of wrangling and a lot of jealousies in the committees. However, we have no procedure set up to do that. This is an instance where a personal appearance of an executive on the floor, before all of the Members of the House, could certainly do a great deal to acquaint the Members of the House with the problems involved. Sometime, if we are to have responsive government, a procedure of this kind will be inaugurated. It must be done.

Mr. JACKSON. I understand that our distinguished colleague has a resolution pending which would amend the rules of the House to take care of that situation.

Mr. KEFAUVER. The gentleman is correct. There is a resolution pending, House Resolution 327, before the Rules Committee, and although I have made request dozens of times of the chairman of the Rules Committee for a hearing, and other Members have expressed

great interest in the resolution, and have also asked permission to testify, the chairman of the Rules Committee has the matter locked up tight, and we cannot even get a hearing before that distinguished committee. The will of the House, in my opinion, is being thwarted by the refusal of the Rules Committee to act. We cannot even get a chance to present our case.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield to the gentleman from Kentucky.

Mr. MAY. In view of the fact that there has been a great deal of confusion engendered in the procedure here by the appointment of the Post-war Economic Policy and Planning Committee and others, and the fact that the House Committee on Military Affairs for more than 100 years has been the war policy committee, does not the gentleman think it would have been better from the beginning to have allowed that committee, that handles all war legislation, to consider the subject instead of scattering it around over the Congress?

Mr. KEFAUVER. I will say to the gentleman from Kentucky, if there was ever a piece of legislation introduced in the Congress that involved the legal rights of the government of industry and of the individuals concerned, it has not been called to my attention. And if there was legislation that had intricate legal questions involved in it, it is this legislation. If a bill of this kind is not to be referred to the Judiciary Committee, then I do not know what function the Committee on the Judiciary has to perform. This legislation involves the legal rights, obligations, and duties of government, corporations, and individuals. It defines the jurisdiction of courts in connection therewith. It fixes penalties. No one can question the correctness of this bill being referred to the Committee on the Judiciary. No other committee could possibly have jurisdiction.

I do want to say, however, that the gentleman's committee held excellent hearings on the subject, which are of value to the Members of Congress. I read the hearings. They did a great job in considering the problem.

I think I should also say that the chairman of the Committee on Naval Affairs has demonstrated a very generous spirit in not quibbling about the jurisdiction of the committee that has the legislation under consideration. The chairman and the members of the Committee on Military Affairs have also demonstrated an admirable spirit in that connection, and are perfectly willing to discuss the bill on its merits without regard to any dispute between the committees.

I was present when legislation on this subject was first before the Committee on Rules and I intended to make a statement if I had been given an opportunity. I intended to tell the members of the Rules Committee that I thought that this was a matter over which the Committee on the Judiciary should have jurisdiction but that certainly the passage of legislation was the paramount consideration

and that in any event the House should pass a bill at an early date regardless of which committee it came from.

Mr. ROLPH. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield to the gentleman from California.

Mr. ROLPH. The gentleman from Tennessee has given this subject a great deal of study, and I have been particularly interested in his remarks. May I ask him how this legislation will affect small business? In the San Francisco Bay area there are many firms that are vitally interested in this matter because many of them are small concerns that have been active in the war effort. I would appreciate it very much if the gentleman would elaborate on that point.

Mr. KEFAUVER. I shall be glad to try to elaborate on it.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield to the gentleman from Louisiana.

Mr. BROOKS. In reference to what the gentleman has just mentioned, may I say that this legislation has been touched upon and worked upon by fully six committees of the House and Senate, and has developed from 17 lines to a bill that now has some 96 pages. Perhaps its varied course through the several committees has helped the bill.

Mr. KEFAUVER. I agree with the gentleman. It is fortunate that so many committees could have all of these excellent witnesses before them, because it has acquainted many more Members of the House with the problems that if they had appeared before only one committee. But it would have acquainted many more Members with the problems if they could have appeared before the whole House and in a general sort of way told all the Members of the House about the facts and the paramount necessity of early and intelligent legislation on the subject.

Mr. BROOKS. However, it has resulted in a tremendous duplication of effort.

Mr. KEFAUVER. That would have been avoided if the plan I am proposing had been followed.

The gentleman from California has asked about the small-business features of this bill, and that has been a matter of great concern to me, I may say to the gentleman. Of course, the bill provides that a small contractor or a subcontractor or any contractor may get a settlement. The bill as it passed the Senate made it only permissive to the contracting agency to make settlements with the subcontractors, and the section was rewritten so as to make it mandatory upon the contracting agency to see that the money got to the subcontractor in the event there was good reason to believe that because of insolvency or for some other reason the subcontractor might not be paid.

Also, the bill as to the little fellow has been strengthened by giving the Smaller War Plants Corporation some additional jurisdiction to make interim financing loans and guaranties. The bill as it passed the Senate did not give the

Smaller War Plants Corporation that authority. I personally would like to have seen them given more authority, but we did the best we could in writing in the provision I have just described. The bill is not perfect. There are many questionable provisions. I do not think it strong enough even with the amendments to give the little fellow the protection he needs. On March 13, 1944, I introduced H. R. 4392 which contained cost standards, required an audit where the contractor's books were unreliable, and my bill contained many other features for the protection of the Government and of the small contractor. Many of the provisions of my bill have been adopted by the committee and incorporated in this bill. Others have not been included. But this is a fairly satisfactory measure. In conference it can be and probably will be strengthened.

The CHAIRMAN. The Clerk will read the bill for amendment.

Mr. MAY. Mr. Chairman, it was my understanding that when general debate was concluded this evening the Committee would rise. I have an important amendment which I expect to offer at the end of the reading of the first section. For that reason I ask that the reading of the bill go over until tomorrow morning.

Mr. COOPER. The amendment will be just as much in order tomorrow morning as it is now.

The CHAIRMAN. The gentleman will have the opportunity to offer the amendment at the proper time.

The Clerk will read.

The Clerk read as follows:

OBJECTIVES OF THE ACT

SECTION 1. The Congress hereby declares that the objectives of this act are—

(a) to facilitate maximum war production during the war, and to expedite reconversion from war production to civilian production as war conditions permit;

(b) to assure to prime contractors and subcontractors, small and large, speedy and equitable final settlement of claims under terminated war contracts, and adequate interim financing until such final settlement;

(c) to assure uniformity among Government agency in basic policies and administration with respect to such termination settlements and interim financing;

(d) to facilitate the efficient use of materials, manpower, and facilities for war and civilian purposes by providing prime contractors and subcontractors with notice of termination of their war contracts as far in advance of the cessation of work thereunder as is feasible and consistent with the national security;

(e) to assure the expeditious removal from the plants of prime contractors and subcontractors of termination inventory not to be retained or sold by the contractor;

(f) to use all practicable methods compatible with the foregoing objectives to prevent improper payments and to detect and prosecute fraud.

Mr. SUMNERS of Texas. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HART, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee,

having had under consideration the bill (S. 1718) to provide for the settlement of claims arising from terminated war contracts, and for other purposes, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. JACKSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and include therein certain quotations.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MORRISON of Louisiana. Mr. Speaker, I have a special order to address the House today for 30 minutes. I ask unanimous consent that in lieu of that I be permitted to address the House tomorrow for 30 minutes at the conclusion of the legislative program of the day and following any special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

EXTENSION OF REMARKS

Mr. MORRISON of Louisiana. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and include therein a report in connection with House Resolution 16. This exceeds the limit, and I have an estimate that it will cost approximately \$100, but I ask that notwithstanding that fact it be printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. MYERS. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record in two instances and include therein two newspaper articles.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DILWEG. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and include therein an address delivered by Maj. O. W. Clark, Assistant Administrator of the Veterans' Administration, before the members of the Touchdown Club on June 13, 1944.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. WASIELEWSKI. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and include therein a resolution adopted by the Common Council of the City of South Milwaukee.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. VURSELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record briefly on four different subjects.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. HANCOCK. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today and include some quotations from the Baruch report.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CANFIELD. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and include therein an article by Mr. Frank C. Waldrop appearing in this morning's issue of the Washington Times-Herald.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HALE, for 10 days, on account of official business.

To Mr. CHIPERFIELD, for an indefinite period, on account of illness in family.

HOOR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. MAY. Mr. Speaker, reserving the right to object, I would like to inquire of the gentleman from Massachusetts [Mr. McCORMACK] what the order of procedure or business will be tomorrow.

Mr. McCORMACK. Mr. Speaker, the first order of business will be the deficiency appropriation bill, after which, if that is disposed of in time, debate will continue on the war contract termination bill.

Mr. MAY. What time has been determined on for the appropriation bill, or what time is expected to be consumed?

Mr. McCORMACK. I am unable to answer that, but my information is that it will probably be around 3 hours. I cannot say exactly what the time will be. It will be in excess of 2 hours.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

There was no objection.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. KLEIN, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H. R. 3476. An act to approve a contract negotiated with the Klamath drainage district and to authorize its execution, and for other purposes;

H. R. 4771. An act to amend the part of the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1921, and for other purposes," approved June 4, 1920, as amended, relating to the conservation, care, custody, protection, and operation of the naval petroleum and oil-shale reserves;

H. R. 4833. An act to extend, for two additional years, the provisions of the Sugar Act of 1937, as amended, and the taxes with respect to sugar; and

H. J. Res. 286. Joint resolution providing for operation of naval petroleum and oil-shale reserves.

ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 51 minutes p. m.), the House, pursuant to its previous order, adjourned to meet tomorrow, Saturday, June 17, 1944, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

The Committee on the Merchant Marine and Fisheries will hold a public hearing Saturday, June 17, 1944, at 10 a. m., on H. R. 4968, a bill to amend section 511 (c) of the Merchant Marine Act of 1936, as amended, relative to deposit of vessel proceeds received from the United States in certain cases, and for other purposes.

Persons desiring copies of the printed hearings when available will please notify the clerk by letter.

Witnesses are requested to notify the clerk by letter at least a day in advance of the hearing of their desire to testify, in order that a list of witnesses may be prepared. Written statements for the record from persons other than witnesses should be submitted a day in advance. Amendments to be proposed during the hearing should be submitted to the reporter in duplicate.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

The Committee on Immigration and Naturalization will meet on Wednesday, June 21, 1944, at 10:30 a. m., on all resolutions providing for temporary admission of political and religious refugees.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1662. A letter from the Administrator of Veterans' Affairs, transmitting a draft of a proposed bill to liberalize certain provisions of the National Service Life Insurance Act of 1940, as amended; to the Committee on World War Veterans' Legislation.

1663. A letter from the Coordinator of Inter-American Affairs, Office for Emergency Management, transmitting a copy of the estimates of the number of employees required for this Office during the period ending September 30, 1944; to the Committee on the Civil Service.

1664. A letter from the Executive Director, War Refugee Board, Executive Office of the President, transmitting a quarterly estimate of personnel requirements for the War Refugee Board for the quarter ending September 30, 1944; to the Committee on the Civil Service.

1665. A letter from the officer in charge, the American Battle Monuments Commission, transmitting a copy of the quarterly estimate of personnel requirements for the American Battle Monuments Commission for the quarter ending September 30, 1944; to the Committee on the Civil Service.

1666. A letter from the Director, the Office of Censorship, transmitting a copy of the

quarterly estimate of personnel requirements for the Office of Censorship for the quarter ending September 30, 1944; to the Committee on the Civil Service.

1667. A letter from the Chairman, Board of Investigation and Research, transmitting the estimate of personnel requirements for the quarter ending September 30, 1944; to the Committee on the Civil Service.

1668. A letter from the Administrative Assistant to the Secretary, Department of Commerce, transmitting the estimates of personnel requirements for the various ceiling units of the Department of Commerce for the quarter ending September 30, 1944; to the Committee on the Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. CANNON of Missouri: Committee on Appropriations. H. R. 5040. A bill making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1944, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1944, and June 30, 1945, and for other purposes; without amendment (Rept. No. 1660). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEA: Committee on Interstate and Foreign Commerce. House Resolution 598. Resolution requesting the Secretary of Commerce, through the Administrator of Civil Aeronautics, to make a survey of the need for a system of airports and landing areas throughout the United States; without amendment (Rept. No. 1661). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar as follows:

Mr. PATTON: Committee on Claims. H. R. 2688. A bill for the relief of Clarence H. Miles, Mrs. Mollie Miles, and Hardy Miles, a minor; with amendment (Rept. No. 1649). Referred to the Committee of the Whole House.

Mr. RAMEY: Committee on Claims. H. R. 2827. A bill for the relief of Ida M. Rutherford; with amendment (Rept. No. 1650). Referred to the Committee of the Whole House.

Mr. CHENOWETH: Committee on Claims. H. R. 3285. A bill for the relief of Mrs. Rose Poisson; with amendment (Rept. No. 1651). Referred to the Committee of the Whole House.

Mr. RAMEY: Committee on Claims. H. R. 3727. A bill for the relief of Miss Violet Da-Groot; with amendment (Rept. No. 1652). Referred to the Committee of the Whole House.

Mr. RAMEY: Committee on Claims. H. R. 3791. A bill for the relief of the estate of Charles Noah Shipp, deceased; with amendment (Rept. No. 1653). Referred to the Committee of the Whole House.

Mr. PATTON: Committee on Claims. H. R. 3996. A bill for the relief of F. L. Gause, Rosalind Gause, and Helen Gause; with amendment (Rept. No. 1654). Referred to the Committee of the Whole House.

Mr. PITTINGER: Committee on Claims. H. R. 4014. A bill for the relief of Mrs. Ruby

Winsch; without amendment (Rept. No. 1655). Referred to the Committee of the Whole House.

Mr. SAUTHOFF: Committee on Claims. H. R. 4049. A bill for the relief of Alfred F. Ross; without amendment (Rept. No. 1656). Referred to the Committee of the Whole House.

Mr. CHENOWETH: Committee on Claims. H. R. 4111. A bill for the relief of Louis Beckham; with amendment (Rept. No. 1657). Referred to the Committee of the Whole House.

Mr. SAUTHOFF: Committee on Claims. H. R. 4305. A bill for the relief of Henry Clay Walker; without amendment (Rept. No. 1658). Referred to the Committee of the Whole House.

Mr. SAUTHOFF: Committee on Claims. H. R. 4380. A bill for the relief of Mabelle E. Olive; with amendment (Rept. No. 1659). Referred to the Committee of the Whole House.

Mr. RAMEY: Committee on Claims. S. 1461. An act for the relief of Frederick G. Goebel; without amendment (Rept. No. 1662). Referred to the Committee of the Whole House.

Mr. RAMEY: Committee on Claims. S. 1465. An act for the relief of Dr. A. R. Adams; without amendment (Rept. No. 1663). Referred to the Committee of the Whole House.

Mr. RAMEY: Committee on Claims. S. 1483. An act for the relief of Marino Bello; without amendment (Rept. No. 1664). Referred to the Committee of the Whole House.

Mr. GREEN: Committee on Claims. S. 1731. An act for the relief of Helen Halverson; without amendment (Rept. No. 1665). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. S. 1763. An act for the relief of the Square D Co.; without amendment (Rept. No. 1666). Referred to the Committee of the Whole House.

Mr. GREEN: Committee on Claims. H. R. 2345. A bill for the relief of Mrs. May Holland; with amendment (Rept. No. 1667). Referred to the Committee of the Whole House.

Mr. PATTON: Committee on Claims. H. R. 3463. A bill for the relief of Donna May McNulty; without amendment (Rept. No. 1668). Referred to the Committee of the Whole House.

Mr. STIGLER: Committee on Claims. H. R. 3465. A bill for the relief of Archie Berberian, Kurken Berberian, and Mrs. Osgetel Berberian; with amendment (Rept. No. 1669). Referred to the Committee of the Whole House.

Mr. RAMEY: Committee on Claims. H. R. 4080. A bill for the relief of certain former employees of the United States Court for China; with amendment (Rept. No. 1670). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 4631. A bill for the relief of John L. MacNeil; without amendment (Rept. No. 1671). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and a joint resolution were introduced and severally referred as follows:

By Mr. DONDERO:

H. R. 5039. A bill to incorporate the Moms of America; to the Committee on the Judiciary.

By Mr. LESINSKI:

H. R. 5041. A bill to amend the Veterans Regulations; to the Committee on Invalid Pensions.

H. R. 5042 (by request). A bill to amend the Life Insurance Act of the District of Columbia; to the Committee on the District of Columbia.

By Mr. CHAPMAN:

H. J. Res. 300. Joint resolution to provide for the erection of a tablet in the Arlington Memorial Amphitheater; to the Committee on Military Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to enact legislation to make trucks available to the farmers for the purpose of maintaining and augmenting the Nation's food supply, and for other purposes; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHAPMAN:

H. R. 5043. A bill for the relief of Kentucky-Illinois Hemp Corporation; to the Committee on Claims.

By Mr. GIFFORD:

H. R. 5044. A bill for the relief of Osborne E. McKay; to the Committee on Claims.

H. R. 5045. A bill for the relief of the Tobey Hospital; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5863. By Mr. MICHENER: Petition transmitted by C. W. Shipman, Monroe High School, Monroe, Mich., and signed by 72 music students of Monroe, urging the enactment of legislation that will prevent interference with the broadcasting of noncommercial programs, when presented by academically accredited, tax-exempt educational institutions not in competition with professional talent; to the Committee on Interstate and Foreign Commerce.

5864. By Mr. SUNDBSTROM: Resolution proposing an amendment to the Constitution of the United States, relating to taxes on incomes, inheritances, and gifts; to the Committee on Ways and Means.

5865. By Mr. THOMAS of New Jersey: Petition of sundry citizens of the Borough of Maywood urging support of Senator Hawkes' bill, S. 1737, providing for payments to States and their political subdivisions as compensation for loss of revenue occasioned by the acquisition of real property by the Government for military purposes; to the Committee on Banking and Currency.

5866. By Mr. WILLEY: Petition of sundry citizens of the State of Delaware favoring House bill 2082, prohibiting the manufacture, sale, or distribution of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

5867. By the SPEAKER: Petition of various real estate owners, banks, and agents of New York City, petitioning consideration of their resolution with reference to the inequities in the rent-control section of the present Emergency Price Control Act; to the Committee on Banking and Currency.